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NEWS SUMMARY

GENERAL

Iraq expels ten Britons

Iraq has reacted swiftly to Britain's expulsion of 11 Iraqi diplomats by expelling 10 Britons from Iraq.

The British ambassador in Baghdad, Mr. Alexander Stirling, was told that eight British diplomats and two senior members of British Airways staff must leave the country within seven days.

The Iraq News Agency said the decision followed "unfriendly measures taken by the British Government by expelling a number of Iraqis employed at the Iraqi Embassy and other Iraqi establishments from British territory after levelling false charges against them."

Britain said that it had expelled the Iraqis because of increased concern about Arab terrorism in London. Page 6

Portuguese Prime Minister sacked

Portuguese President Ramalho Eanes yesterday dismissed Socialist Prime Minister Mario Soares following the collapse of the six-month-old Socialist-Conservative Alliance.

An official communique said the President had dismissed the Prime Minister after consultations with the Council of the Revolution, a constitutional watchdog body.

Israeli officers leave Egypt

The Israeli military officers who had remained in Egypt for the past six months as a symbol of the hope for a Middle East peace settlement left from Alexandria yesterday.

The decision to expel them was attributed to Israel's continued failure to respond to President Sadat's peace initiative and was intended to emphasise that Egypt could not contemplate any further negotiations until "new elements" were introduced. Page 6

Mugabe demand

Mr. Robert Mugabe's demand that Britain should hand over "full power" in Rhodesia to the Patriotic Front rather than to the African people as a whole has been interpreted in Salisbury as a vindication of the interim government's opposition to the planned Anglo-American all-party conference. Page 6

Polaris talks

General secretaries from 11 unions representing industrial civil servants to-day meet Lord Peart, Lord Privy Seal, in an attempt to break the deadlock in the pay dispute in which the Navy has been brought in to free a polaris submarine from blacking, and all Britain's defence workers have decided on a one-day stoppage. Back and Page 8

Wine tax plea

The Common Market Commission has urged Britain, Denmark and Ireland to reduce taxes on alcohol to help soak up Europe's wine lake.

Briefly . . .

Prostitutes in Lahore have filed a High Court petition against a Government order directing them to stop work on August 7 for a holy month of fasting.

French air traffic controllers today start a work-to-rule which could delay thousands of European flights on the busiest holiday week-end of the year. Page 3

Mrs. Elizabeth Bostic, mother of the world's first bone marrow transplant boy, died of a drug overdose.

Cricket: New Zealand scored 224 for 7 wickets on the first day of the Test match aganist England at The Oval.

British actor Derek Jacobi will play Hamlet at the revived Hamlet Festival at Elsinore Castle, Denmark, next year.

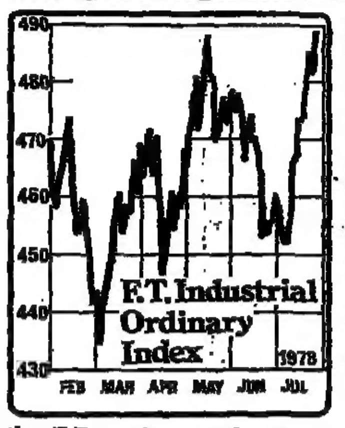
Mr. Tom McNally, the Prime Minister's political adviser, has been selected as Labour's prospective parliamentary candidate for Stockport South. Page 16

About 200 tourists in the Italian resorts of Forio blocked the main road to stop the town's rubbish being dumped near their hotels and camping site.

BUSINESS

Equities reach 6-month high

● EQUITIES responded to covering of short positions and



the F.T. ordinary index closed 6.8 up at a six-month high of 468.8.

● GILTS were steadied by a temporary cut in special deposits and the Government Securities index closed 0.09 down at 70.79.

● DOLLAR came under further pressure against the yen (Back and Page 6) but recovered against other leading currencies. Its trade-weighted depreciation narrowed to 8.6 per cent (8.7). STERLING fell 45 points against the dollar to $1.9075 and its index fell to 62.2 (62.3).

● GOLD fell $1½ to $194¼ in London.

● WALL STREET was 5.63 up at 852.82, just before the close.

● WEST GERMAN trade surplus rose by about DM 1bn during June to DM 3.9bn. Page 3

● U.S. INVESTMENT bank First Boston will take a 31 per cent stake in Cie Financière de Crédit Suisse et de White Weld, the parent company of the London investment bank Crédit Suisse White Weld and CSWW will take a 25 per cent stake in First Boston. Back Page

● BARCLAYS BANK pre-tax profits for the first half of this year were £154.2m, a rise of 17 per cent over the first half of 1977 and 13 per cent ahead of the second half of last year. The senior general manager warned of pressure upon the bank from the recent re-introduction of "corset controls" over the banks. Back and Page 20

● BRITTEN-NORMAN, the Isle of Wight light transport aircraft builder, is to be taken over by a Swiss light aircraft maker. Back Page

● ROLLS-ROYCE is believed to be close to securing Government approval for its new 535 version of the RB-211 engine intended for the forthcoming generation of short-to-medium range airliners. Back Page

● BP-led consortium has made a big oil discovery close to its Buchan Field in the North Sea. Page 7

● TOURISM has brought an extra 100,000 jobs to Scotland, a Scottish Tourist Board report shows. Last year spending by visitors to Scotland rose by more than 30 per cent to £500m. Page 8

● TWA is to fight in the courts the interim injunction won by the British Airports Authority stopping the sale of standby tickets at Heathrow Airport. Page 7

COMPANIES

● REDLAND pretax profit for the year to March 25 rose by 5.28m to a record £39.44 with a contribution of £25.65m in the second half. Sales were £270.56m (£233.97m). Page 20 and Lex

● INCHCAPE suffered a sharp drop in second-half profits to £27.83m against £40.51m which brought the full-year figure up to March 31 to £62.27m compared with the previous year's peak of £73.38m. Page 19 and Lex.

● DENBYWARE reports a turnround for the year to April 1 from a deficit of £239,088 to a pre-tax profit of £803,790, with turnover increasing by £1.8m to £11.83m Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

African Lakes	295	+ 15
Barclays Bank	342	+ 12
Beecham	684	+ 6
Bourne Hollingsworth	197	+ 9
Bowater	190	+ 6
Burton A	136	+ 12
Centrovincial Ests.	77	+ 6
Clifford (Cl.)	110	+ 10
Combined Eng. Stores	108	+ 5
De Le Rue	400	+ 25
Denbyware	92	+ 8
Fitch Lovell	66	+ 6
Gieves	96	+ 6
ICI	391	+ 6
Kent (M.)	38	+ 3
Ladbroke	171	+ 6
Orme Developments	56	+ 8
Rank Org.	252	+ 8
Redland	152	+ 6
Sotheby	301	+ 9
Tate of Leeds	76	+ 5
Tube Invs.	376	+ 6
LASMO	156	+ 10
Siebens (UK)	414	+ 20
Central Pacific	600	+ 50
Southern Pacific	240	+ 15
UC Investments	242	+ 8
West Drie.	£22	+ ¼

FALLS

Hillards	219	− 7
Inchcape	383	− 15
Laurence Scott	96	− 5

OECD warning to Western economies as Bonn prepares package

Threat to recovery 'unless summit pledges are kept'

BY ROBERT MAUTHNER: PARIS, July 27

The world is moving towards another "growth recession" and higher unemployment next year unless the various economic policy intentions announced by leading Western industrialised countries at the recent Bonn summit are promptly put into practice.

This was the main message here today by Mr. John Fay, head of the economics and statistics department of the Organisation for Economic Co-operation and Development Secretariat, when the OECD's six-monthly Economic Outlook report was published.

Mr. Fay said that the present situation was similar to that at the end of 1976 and beginning of 1977, when recovery rates picked up for two or three quarters only to dwindle as the effects of stimulatory measures wore off.

The OECD secretariat is not entirely pessimistic about the economic prospects for the world. Mr. Fay emphasised that "salvation lay in the hands of the governments." No government had to do much to ensure adequate development of the international economy.

The main question was still whether other strong economies would take over from the U.S. offsetting its slackening growth, to achieve a reasonable expansion in the OECD area as a whole.

If the Bonn summit promises were fully put into effect, the annual growth rate of the OECD area would be raised to about 4.5 per cent in the first half of 1979 compared with a forecast of 3.25 per cent if policies remained unchanged.

This wolud be enough to keep unemployment at least stable.

On this assumption, which the Secretariat admits is highly optimistic, Japan's gross national product would rise at an annual rate of 9 per cent in the first half of next year, against the OECD's current forecasts of 4.5 per cent, West Germany's by 4 per cent, instead of 2.75 per cent, and the U.S.'s by slightly more than the present forecast of 3 per cent.

Details Page 2
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The UKs growth would be boosted to 2.25 per cent, again at an annual rate, compared with 1.75 per cent predicted in the report. France's GNP would rise by 4 instead of 3.75 per cent; Italy's 3.5 instead of 3; and Canada's 5 instead of 4 per cent.

Mr. Fay said the world economy had reached a dangerous crossroads. It was cushioned against the full effects of quadrupled oil prices in 1974 by relatively fast expansion of the U.S. economy and the fact that most governments adopted special measures to protect employment.

"Economies have become very efficient in creating inefficiency," he said.

But it was clear that from now on the U.S. economy would grow much more slowly, and employment subsidies by governments were likely to tail off. Unless countries with healthy payments positions and comparatively low inflation rates took over the role of the U.S. the outlook would be very gloomy indeed.

Peter Riddell writes: The original forecasts in the OECD's Economic Outlook were prepared well before the Bonn summit. The report's recommendations are on the same lines as some pledges by the seven countries at the meeting.

Before the summit the OECD expected the annual growth rate

Continued on Back Page

Growth is forecast to slow in UK

By Peter Riddell, Economics Correspondent

THE RATE of growth of the UK economy will slow significantly during the next 12 months and unemployment may at best remain stable for the rest of 1978 before starting to rise in the first half of next year.

That is predicted by the OECD this morning in a section of its Economic Outlook on the UK's prospects.

The report suggests that the present fairly rapid expansion led by consumer spending will slacken by early next year, while there will be no further deceleration in the rate of price inflation in the UK.

The increase in real gross domestic product will, according to the forecast, decline from an annual rate of 3 per cent to 1¾ per cent between the first halves of 1978 and 1979.

The OECD's projections for 1979 are believed to differ little from the Treasury's recent predictions for the period. But the Whitehall view is likely to be that consumer spending, and thus overall growth, will not be quite as sluggish as envisaged by the OECD.

Therefore, and because of greater caution about the UK's competitive position, the Treasury is unlikely to be as bullish as the OECD in its view that the current account surplus will be about £950m this year and running at an annual rate of a little less than £1.2bn in the first half of 1979.

The OECD report suggests that consumer (not retail) price inflation will accelerate from an annual rate of 7½ to 10 per cent between the two halves of this year as a result of pay rises during phase three of the Government's pay policy.

But a slowdown to an annual rate of increase of 7½ per cent is projected for the first half of next year; assuming that the pay policy holds.

However, the report says that if, because of continuing excessive pay rises, the rate of price inflation remains at about 10 per cent next year, the negative effects on consumer and business confidence may outweigh the benefits to personal incomes and therefore lead to a smaller growth in total domestic demand in the first half of 1979 than at present projected.

£ in New York

—	July 26	Previous
Spot	$1.9130-9150	$1.9225-9235
1 month	0.56-0.52 dis	0.48-0.42 dis
3 months	1.31-1.25 dis	1.08-1.02 dis
12 months	4.40-4.20 dis	4.10-3.90 dis

West Germans likely to cut tax by £1.7bn

BY ADRIAN DICKS BONN, July 27.

TAX CUTS worth DM7bn (£1.78bn) and increases of about DM 3.5bn in public spending will be teh two main elements in the package of stimulatory measures with which the West German Government will fufil its undertakings given at last week's world summit meeting here.

Final details of the package were being discussed by the Cabinet this evening in what was expected to be a second late-night session.

Tomorrow morning, Chancellor Helmut Schmidt will have a final meeting with his coalition partner, Herr Hans-Dietrich Genscher, when he returns from the New York Foreign Ministers' meeting on Namibia.

Provisional elements in the package were given by the official spokesman, Herr Klaus Boelling, after last night's Cabinet discussions.

They appeared to fall somewhat short of the DM 13bn stimulus in 1979 that has been generally predicted—though it was understood that among the points still to be settled are several thta could substantially affect the final total.

In his pledge contained in last week's summit communique, Herr Smhidt did not commit himself to any specific figure.

He merely undertook that West Germany would propose "additional and quantitatively substantial measures up to 1 per cent of Gross National Product."

Herr Boelling said early today that tax cuts would be proposed worth DM 7bn in each of the two years 1978 and 1979.

The German news agency DPA, quoting official sources, reported that these would be achieved through the "smoothing out" of the sharp jump in income tax rates from 22 to 30.5 per cent that at presenst occurs for people whose earnings are above DM 16,000 a year, and through an increase of DM 300-400 in the basic tax-free allowance.

On the spending side, the principal measures so far agreed, according to Herr Boelling, are a DM 45 per month raise in allowances for the third child (and additional children) to DM 195.

The introduction of an allowance for the second child was believed still to be undecided, but it is expected that the package will include an extension of the standard maternity leave to six months.

Taken together these measures are expected to be worth between DM 2.5 and 3bn, Herr Boelling indicated.

In addition, at least DM750m more will be allocated for spending on research and development by industry and for environmental protection measures.

Adjustment

Among measures that might come into effect in 1980 is believed to be the adjustment of several minor business taxes including sales and payroll taxes.

In political terms, the outline of the package as visible this evening appeared to be favourable to the Free Democrats, the junior coalition partners, who have been pressing hard for tax cuts as a riposte to their humiliating setback at last month's two State elections.

Chancellor Schmidt and his Social Democrats, on the other hand, have argued until recently that tax reductions ought not to be confused with longer-term reform of the income tax structure, and that this could not be introduced as soon as next year.

It was also believed this evening that part of the cost of the package would be recouped through an increase in the standard value-added tax rate to 13 per cent in mid-1979.

EEC prevents UK deal with Australia on uranium

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN HAS failed to persuade the EEC Commission that it should sign a bilateral nuclear safeguards agreement with Australia for the supply of uranium during the 1980s as an interim arrangement until Euratom settles its own agreement with Australia on behalf of all nine partners.

The worst possible result of this setback is that Britain could lose its place in the queue for Australian nuclear fuel.

The safeguards agreement — the terms of which have been stipulated by the Australian Government in line with its policy for preventing nuclear weapon proliferation — would have opened the way to commercial contracts under which Britain would purchase 1,000-1,300 tonnes of Australian uranium a year during the 1980s.

Mr. Doug Anthony, Australia's Deputy Premier, who arrived in London expecting to sign the safeguards agreement with Mr. Anthony Wedgwood Benn, Energy Secretary, made no secret yesterday of his "disappointment and frustration" at the EEC action taken late on Wednesday night.

He saw the bilateral agreement as one that met the safeguards objectives of both countries, and one that would serve as a model for other bilateral safeguards agreements.

But he did not think that he could interefere in what he saw as a "domestic demarcation dispute" between Britain and the EEC.

Other EEC countries with an eye on Australian uranium—among them France, Belgium, West Germany and Italy—will also be thwarted by the EEC action. A similar agreement with France had been expected to be signed within a couple of months.

Mr. Anthony said that Australia would continue to negotiate bilateral safeguards agreements with countries outside the EEC—he has just signed one with Finland.

Other nations looking to Australia as a politically stable supplier, to diversify their sources of uranium fuel, he said, included Japan, the U.S., Iran and the Philippines.

Britain, in a strongly worded statement released by the Energy Department, said that it "very much regretted that the agreement could not be signed."

The Government did not accept that the EEC Commission's objections were well-founded, since the bilateral agreement had been negotiated "in full conformity with the UK's obligations as a member-state of Euratom."

Privately, officials closely involved in the negotiations are less despondent, although they admit that there is likely to be a delay of some months.

The Commission may be persuaded that it has made an error that is not in the interest of the energy security of its member-states. But, more probably, it will expedite the drafting of a Euratom directive on an EEC agreement with Australia on uranium sales to the Nine.

Nuclear safeguards Page 6

Sun sacks journalists

BY PAULINE CLARK, LABOUR STAFF

JOURNALISTS on The Sun newspaper were told last night that they had been sacked as a result of action over a pay dispute which has prevented publication for the fifth night running.

The paper's management said letters had been sent to journalists in The Sun chapel (office union branch) "confirming that the industrial action taken by the chapel constituted a breach of contract and that their employment was terminated."

General secretaries of the printing unions were also being advised that it may shortly be necessary to issue notices to all their members.

The journalists stopped work a week ago in a dispute which management said yesterday centred more on their interpretations of what should constitute a productivity deal than on the size of yield.

The dispute broadened into an industry-wide issue earlier this week when the Newspaper Publishers' Association met National Union of Journalists leaders to discuss the need for agreed disputes procedures to be honoured if Fleet Street was to be saved from "disaster."

The NUJ executive will decide today how to respond to a request for an assurance that it will abide by agreed newspaper disputes procedures.

BA loses £17m on Concorde

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS' operating losses on Concorde rose to £17m in the year to March 31, bringing the total losses on Concorde since it went into service with the airline two years ago to £25m.

The airline is now discussing with Mr. Edmund Dell, the possibility of revising the methods of handling Concorde operating losses in its annual accounts.

It is depreciating the Concordes in its accounts at £15m a year over the next 10 years, to cover the £150m cost of buying five aircraft originally. This according to Sir Frank McFadzean, chairman, is something of a "financial embarrassment," although the aircraft does have some positive benefits, including prestige.

But BA clearly feels that the time is approaching when Concorde's future will need Government reappraisal. Not only is there the question of how to handle the operating losses in the annual accounts, but also the question of the remaining five unsold Concordes on the UK and French production lines.

BA is believed to feel that, if the two governments dispose of those aircraft on favourable terms to other airlines—for example, on a long-term leasing basis rather than outright sale—the two sponsoring airlines, BA and Air France, ought to be given at least a comparable deal to ensure that they are not left at a competitive disadvantage.

Several options are believed to be under consideration. One is the setting up of a government-owned leasing organisation that would take back the nine Concordes used by BA and Air France and re-lease them to the two airlines, placing them on the same footing as any other airlines that may now seek to lease them.

The aircraft is a great success with passengers—over 75,000 have been carried so far—and with high load factors on the New York and Washington routes. But the average daily utilisation of the Concorde fleet is low, amounting to only 782 hours per aircraft last year (compared with over 4,000 hours for each of BA's 23 Boeing 747s), that profits are not possible.

BA is trying to increase utilisation in several ways. A resumption of flights to Singapore (suspended last December) would help considerably, and it is discussing various leasing deals with other airlines.

British Airways' results Page 8

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FEATURES

For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

Spanish police arrest GRAPO extremist group members

BY JIMMY BURNS MADRID, July 27.

POLICE HERE have arrested seven members of GRAPO, the extremist terrorist group, in connection with a series of political assassinations including that of Sr. Jesus Hassad, the Director-General of Spanish Prisons last March.

Those arrested however are believed to be in no way linked to the assassination of two military officers last week. GRAPO has publicly denied any responsibility for the killings which appear instead to have *been organised* and executed by the military wing of ETA, the Basque terrorist group.

Last weekend ETA claimed responsibility for the deaths of the military officers, adding that the operation had been carried out in revenge for recent police violence in the Basque country. There are growing signs that last Friday's assassinations were planned far more skilfully than was originally thought by the authorities, and that ETA may have again escaped the police net.

ETA's only other major political assassination outside the Basque country was that of Admiral Luis Carrero Blanco in December 1973. Those responsible escaped to France where they published a notorious book, giving explicit details of how they carried out the killing.

Norway oil output soars

BY FAY GJESTER OSLO, July 27.

NORWAY'S offshore petroleum fields produced more than 14m tonnes of oil equivalents in the first half of this year, more than twice as much as in the same period last year, the Norwegian Oil Directorate reports. The big jump mainly reflects the fact that gas, as well as oil, is now being produced in the Norwegian sector.

The Ekofisk field accounted for most of the total — over 8.2m tonnes of crude oil and 4.1bn cu. metres of gas (over 4.3m tonnes oil equivalents). Gas from Norway's part of the Frigg field amounted to about 1.6m tonnes oil equivalents.

Commenting on the figures, Mr. Bjartmar Gjerde, Oil and Energy Minister, said that 1978 looked like being "a break-through year" for Norwegian oil and gas production, now expected to reach 30m tonnes of oil equivalents for the year as a whole. It appeared as if official forecasts for 1978 output would prove correct. He added that Norway had probably reached the end of the initial development phase, marked by heavy investment and relatively low returns.

OECD ECONOMIC OUTLOOK

'Fragile recovery' will continue this year

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE ECONOMIC recovery in the industrialised countries seems likely "to remain fragile" and confidence has not been restored, according to the Organisation for Economic Co-operation and Development in its latest half year Economic Outlook published this morning.

On the basis of present policies there is "small prospect of a better economic performance overall during the rest of this year and into 1979. With certain exceptions this is true for recovery, as it is for price performance and external payments positions."

Indeed the principal risk is that the expected deceleration of demand in the first half of next year may be more pronounced than suggested in the present forecasts if there is a deterioration in business confidence as a result of weak trends in demand and world trade.

The OECD Secretariat puts forward proposals for "concerted but differentiated demand management policies which would create good prospects for a substantial improvement in the international payments situation and for avoiding a recurrence of the recent turbulent episodes in foreign exchange markets."

The report contains a lengthy discussion of the problems of slow growth and of the constraints on acceleration. It points out that to raise overall growth to some 4½ per cent—about the rate probably needed, normally, to start unemployment falling—would require an acceleration of domestic demand substantially faster than at present forecast for the strong-currency (Germany, Japan, Belgium, Switzerland and the Netherlands) and convelescent groups of countries (Canada, France, Italy and the UK).

OECD reckons that these nine countries could achieve the necessary increase in demand as a result of concerted action by *policies* which *imparted* only a small initial stimulus with no country taking action damaging to its own stability.

Secretariat analysis suggests that an injection of additional purchasing power of no more than ½ per cent of the area's Gross National Product would, within a year of taking action, produce a good one percentage point acceleration of growth for OECD as a whole."

The report suggests that fiscal stimuli should rely more on measures which simultaneously increased demand and reduced pressures on costs and prices—in particular, cuts in taxes and employers' social security costs, rather than greater public spending.

In the absence of policy changes, the growth of Gross National Product for 1978 as a whole in the entire OECD area seems likely to stay around 3½ per cent—about the same as last year. The slowdown observed in the first few months of the year is expected to give way to some temporary strengthening in demand in the current half.

But it is unlikely that, after the effects of earlier fiscal stimuli have been exhausted, they will be followed by an autonomous rise in private sector demand. Consequently, the annual rate of growth of Gross National Product is projected to fall off from 4 per cent in the second half of this year to roughly 3½ per cent in the first half of 1979. This deceleration partly reflects the fading out of fiscal policy measures in West Germany and Japan and the effects on demand in the U.S. of higher interest rates and inflation.

GROWTH IN OECD AREA OF GROSS NATIONAL PRODUCT
percentage change at annual rates

	From previous year			From previous half-year				
				1977		1978		1979
	1976	1977	1978	I	II	I	II	I
United States ...	6.0	4.9	3¾	5.6	5.1	2½	4½	3
Japan	6.0	5.1	5½	6.9	3.6	6½	5½	4½
Germany	5.7	2.4	2½	2.7	1.2	2½	3½	2¾
France	4.6	3.0	3½	3.6	2.6	3½	3¾	3¼
United Kingdom	2.3	0.7	2½	−1.0	2.0	3	2½	1¾
Canada	4.9	2.6	4	3.5	3.4	4¾	3½	4
Italy	5.7	1.7	2	3.2	−3.6	4	3	3
Total of above countries ...	5.5	3.9	3½	4.6	3.4	3½	4½	3½
Other OECD countries ...	3.2	1.9	2	1.6	1.0	2	3½	3
Total OECD......	5.2	3.6	3½	4.1	3.1	3½	4	3½

CURRENT ACCOUNT BALANCES
$bn

	1976	1977	1978	1st ½* 1979
Total OECD	−24½	−32	−17	−17
of which:				
United States	−1.4	−20.2	−25	−18
Japan	3.7	11.0	17½	13
Germany	3.8	3.8	5	3
Other major European countries	−10.4	−0.6	4	5½
Benelux-Switzerland	6.2	3.4	6	5½
OPEC	39	34	19	15
Non-oil developing countries...	−26½	−26½	−38	−39½

* annual rate

In the year ahead, it seems likely that productivity growth will speed up, but a return to trend rates is unlikely. "Employment may expand more slowly in the period to mid-1979 than was the case last year. Labour force growth may exceed that of employment, and recorded unemployment in the OECD area could well increase by more than 500,000 (from the present total of roughly 17m) to reach a rate of around 5½ per cent compared with 5 per cent in first quarter of this year.

Prospective inflation rates are still, with few exception, high by *historical standards*. Even though the rate of price increases has been coming down in countries where recently it had been worst, for the area as a whole inflation is still running at about 7 per cent a year.

A modest acceleration occurred in the first four months of 1978, largely as result of the swing in food prices. After dropping to an annual rate of below 6 per cent in December last year, the inflation rate may remain on a 7 per cent plateau in the course of 1978 and early 1979 reflecting the net effects of a deterioration in the price performance in the *U.S.* and *improvements in almost* all other industrialised countries.

The forecasts imply a "narrowing in inflation differentials between industrialised countries. *With few exceptions*, countries with above average rates of inflation are expected to move more closely in line with Sthe average of the three largest economies." But the Secretariat takes particular *note of the* "recent deterioration in the U.S. price performance and the forecast of a U.S. inflation rate rising (to 7¾ per cent in the first half of 1979) above the average for the other major countries."

On individual countries, the OECD makes similar observations regarding the U.S. economy as in its report on the subject published on Wednesday morning.

In West Germany, expected economic growth of around 3 per cent during the next 12 months is likely to fall short of the increase in labour productivity, probably entailing a further contraction in overall employment. The terms of trade are expected to rise as result of the appreciation of the Deutschemark and this is expected to exceed the forecast small deterioration of the real foreign balance, possibly raising the current external surplus to DM 11½bn in 1978, against DM 8.7bn.

The OECD notes that after two years of severe restriction the fiscal policy stance has been relaxed markedly in the U.K. since the start of this year. The forecasts incorporate the technical assumption that pay settlements will be halved in the next pay round.

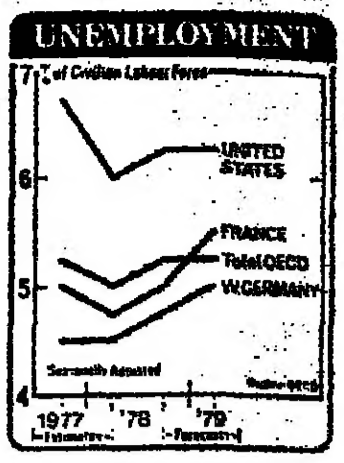
On this basis, and reflecting earlier pay rises, the rate of price inflation may reaccelerate to an annual rate of around 10 per cent in the second half of this year but then fall back to 7¼ per cent in the first half of 1979. A rise in earnings of about 10 per cent might add about 1½ percentage points to the price forecast for the first half of 1979.

Total Gross National Product is projected to increase by nearly 3 per cent between the second halves of 1977 and 1978 but with the demand effect of the recent fiscal measures petering out, the expansion of activity is likely to slow down to an annual rate of around 1¾ per cent in the first half of 1979. Unemployment may rise slightly, or at best remain broadly stable during the rest of 1978 but begin to increase in the first half of 1979.

With increased North Sea oil production, the current account surplus is forecast at about £950m this year, and an annual rate of a little less than £1.2bn *in the first half of 1979.*

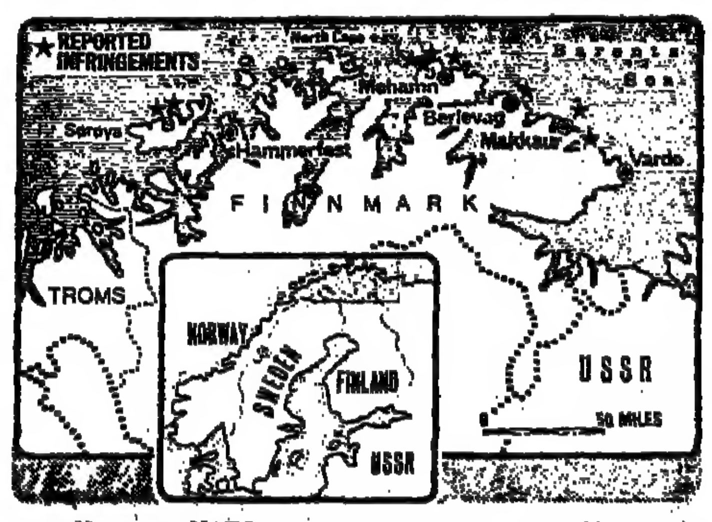
OECD, Economic Outlook, Number 23, 144 pages, price £3.90, available from OECD or from Stationery Office, London.

UNEMPLOYMENT



SOVIET-NORWEGIAN RELATIONS

Shipping intrusions highlight a delicate situation



By William Dullforce in Stockholm

Norway's usual summer lull has been broken by mysterious Soviet intrusions within its territorial waters in the North Cape area. In six incidents within the last month at least *nine Soviet* non-naval vessels and one East German have been spotted stationary within the four-mile limit, apparently breaking the rules of "innocent passage."

*The Norwegian military com*mander in north Norway said the infringements had been too frequent to be coincidental. The Commander-in-Chief, Gen. Sverre Hamre, commented that Norway appeared *to be facing* "something like old-fashioned gunboat diplomacy." After the second encroachment Mr. Knut Frydenlund, the Foreign Minister, complained to the Soviet ambassador, *who reported back that the* captains of the Soviet vessels would be questioned, when they returned to port. The infringements continued.

The Norwegians have stepped up naval patrols—*mostly by* torpedo boats—and air surveillance, but the long, sparsely populated, fjord-indented coastline of Finnmark, the northernmost county bordering the Soviet Union, stretches the available military resources. First reports of the intrusions came in most cases from local fishermen.

The Oslo newspaper Aftenposten speculated editorially that Moscow could be testing Norway's readiness to assert its sovereignty in a strategically sensitive area. The Finnmark fjords control the sea approaches to the large military base on the Kola peninsula, from which the Soviet Northern fleet operates the bulk of the USSR's strategic, nuclear-missile submarines.

An alternative theory is that the Russians were searching for lost submarine listening equipment, which could *have drifted* in towards the Norwegian coast and which Moscow did not want to fall into NATO hands. The whole area is understood to be thick with underwater electronic devices laid both by NATO and the Russians. But Mr. Johan Joergen Holst, the defence undersecretary and Norway's best-known strategist, thought the idea was improbable, the vessels *observed* were not equipped for such activities.

On Tuesday last STANAVFORLANT, NATO's standing naval force in the Atlantic, was due to start week-long manoeuvres off the county of Troms. Ships from seven NATO countries, including Britain and the U.S., are taking part under a Canadian commander. However, the Soviet ships have been carrying out their peculiar activities in the far North, well away from the area of the manoeuvres, so that no collection is thought to be likely.

The Norwegian Foreign Ministry has stressed that it does not want to magnify the incidents. The Minister, Mr. Frydenlund, added that relations with the Soviet Union have improved over the past year, an assessment which had been echoed in Moscow, he said. This view is difficult to reconcile with General Hamre's reference to "gun boat diplomacy."

The behaviour of the Soviet ships highlights once again the delicacy of the relationship between Norway, a NATO country, and its big neighbour. In a broader context it raises questions about the Soviet Union's intentions in the Nordic areas and about the effects of superpower detente on NATO's northern flank.

From the beginning of its NATO membership Norway has sought to placate the Kremlin's fears of a threat to its Arctic territories. It has refused to allow foreign forces to be stationed on Norwegian soil during peacetime and no NATO land exercises are allowed near the Soviet border. On their side the Russians have taken every oportunity to impress on the Norwegians their over-riding security interest in the Barents Sea area.

The past year has been an eventful one in relations between the two countries. After declaring its 200-mile fishing zone, the Labour Government succeeded in getting an agreement with the Russians over the division of the catch and control of fishing in the Barents Sea. This agreement entailed the introduction of a "grey zone" in which the two countries would exercise joint *control and which left for future* settlement the vexed question of the Barents Sea dividing line.

While the Communist Party newspaper Pravda suggested from Moscow yesterday that NATO was behind the Norwegian allegations of territorial violations by Soviet ships in the North Cape area, Norway's Defence Minister said that only four of the reported ship movements were actual violations of Norwegian rules.

The agreement caused considerable political turmoil inside Norway, because the "grey zone" *appeared to favour the Soviet* claim that the dividing line should follow the sector principle and run much further to the west than the median line claimed by Norway. The Norwegian Parlia*ment approved the agreement by* only a four-vote majority and for the first time since World War II the Government and Opposition split over a major foreign policy issue. The U.S. also felt that Norway had not given enough weight to security matters in negotiating the fishing agreement with Russia.

To complement this agreement and to protect the Barents Sea fish stocks Norway has unilaterally established a fisheries protection zone around the Svalbard (Spitsbergen) islands. Moscow has refused to recognise this zone. It argues that the 1920 treaty, which acknowledged Norwegian Sovereignty over Svalbard but which gives 41 countries the right to exploit Svalbard's economic resources, does *not entitle the Norwegians* to set up and control such a zone. Norway claims that the treaty applies only to the islands themselves and their territorial waters.

The U.S. and the EEC have reservations about the Norwegian action but EEC fishing boats, mostly British, have been observing the conservation regulations introduced by the Norwegians and reporting their catches to them. The Russians, who have had some 50 vessels within the zone recently, have refused to report catches and it has been impossible to discover whether their nets conform with Norwegian rules.

So far Norway has refrained *from* trying to enforce the regulations, partly because their navy has only limited means and partly because they hope it may still be possible to work out a compromise with Russia. Mr. *Jens Evensen, the Minister* responsible for the Law of the Sea affairs, will go to Moscow next month to try to settle the matter.

It concerns more than fish, *however. The Russians,* who operate coal mines on Svalbard and have more people there than the Norwegians, have consistenly parried Norway's efforts over the past few years to exert its juris*diction over Svalbard. They have* built up a helicopter base near Barentsburg, their coal-mining township, over which, Norway has no control. Russia does not report its helicopter flights over the islands.

There have been other instances, in which Russia has ignored Norwegian regulations and authority. The Norwegian Government is well aware that the Soviet aim *is to bring about* a form of condominium over Svalbard and to keep other countries out. The Norwegians also know that their defence against this pressure is strict, non-discriminatory application of the 1920 treaty. At the same time their entanglement with the Russians in this northern area means that they are looking for compromises and settlements with Moscow. It is not an easy situation.

It has been a basic premise in NATO planning that the Soviet aim in Northern Europe is to turn the flank of the alliance's continental defences. This it can achieve by building up military superiority in the area, enabling it to push its forward maritime defence to the Greenland-Iceland-Faroes line and giving it the capacity to seize the Baltic straits. The military build-up in turn increases the possibility of political pressure, which could weaken Norway and Denmark's allegiance to NATO.

Last December, during celebrations in Helsinki of the 60th anniversary of Finnish independence Mr. Alexei Kosygin, the Soviet Prime Minister, sitting with the premiers of the five *Nordic countries*, broke out into angry denunciation of what he termed increasing militarism in Norway and Denmark. He warned against escalation in NATO activities or posture in *northern Europe*, singling out plans to introduce West German troops into NATO exercises in Norway.

In early January Mr. Igor Zemskov, the Soviet deputy Foreign Minister, adopted a smoother, more placatory approach on an official visit to Oslo.

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West German trade surplus rises to DM3.9bn in June

BY ADRIAN DICKS

BONN, July 27.

THE WEST GERMAN trade surplus shot up by about DM 1bn during June to a new level of DM 3.9bn, according to provisional figures issued by the Federal Statistical Office today. The June results give West Germany a cumulative surplus for the first six months of this year of DM 18.9bn on the trade account, compared with DM 18.2bn for the same period of 1977.

On a year-to-year basis, the June figures show a rise in exports of 10 per cent during the past 12 months and a rise in imports of only 6 per cent. For the first six months alone, the increases were 4 per cent and 3 per cent respectively.

The June figures also show a sharp increase in the surplus on the overall current account during the first six months, from DM 4.9bn in 1977 to DM 7.8bn for the first half of this year.

Figures for both long and short term capital movements during June have not yet been published. For the first five months, however, the so-called basic balance (current account plus long-term capital account) showed a surplus of DM 5.1bn compared with a deficit of DM 1.2bn for the same period of 1977.

The inclusion into the equation of short-term capital movements, resulting in what the Bundesbank refers to as the balance of recorded transactions, gave a much less embarrassing surplus of DM 2bn for the first five months, compared with a deficit for the first five months of 1977 of DM 2.7bn.

Much of the DM 3.1bn net outflow during this period on the short term capital account appears, however, to have represented the unwinding of speculative positions in D-marks built up during last winter's foreign exchange market turbulence.

Some special factors appear to have played a role in the June results, including the lingering effects on export deliveries of last spring's engineering industry stoppages, and the shifting of school holiday dates in several West German states which may have delayed the normally heavy seasonal outgoings on the services side of the current account.

Little support for Cuban thesis among non-aligned

BY ALEXSANDAR LEBL

BELGRADE, July 27.

CUBA HAS received little support so far in the general debate at the ministerial conference of the non-aligned countries which started here last Tuesday. Only two speakers — the Foreign Ministers of Tanzania last night and of Afghanistan today—have to some extent espoused the Cuban thesis that the Socialist bloc is the best friend of the non-aligned movement, which should close ranks with it.

Other speakers from some 20 countries have reiterated their view that the non-aligned movement should remain politically independent and maintain its anti-bloc orientation. The isolation of Cuba, many participants think, should serve as a warning to Havana to change its position but a speech by President Fidel Castro yesterday is seen here as reflecting Cuba's unyielding stand.

Sr. Isidoro Malmierca, the Cuban Foreign Minister, was expected to speak today but his name is not on the list of speakers. There have been suggestions that Havana should be replaced by another venue for next year's non-aligned summit.

Last night the Iraqi Foreign Minister said that the situation in Eritrea was a national struggle for liberation from foreign domination against the will of the Eritrean people. The statement provoked an Ethiopian accusation that this was an interference in its internal affairs, but the Iraqis rejected this.

Britain puts case for shipping aid in Brussels

By Giles Merritt

BRUSSELS, July 27.

A SET of detailed proposals that would enable the British Government to funnel £90m in direct aid to British Shipbuilders was today laid before the EEC Commission and is expected to result in a ruling within a week.

The British case is aimed at winning the Commission's approval for further subsidies. British Shipbuilders has warned the Government that a number of deals could be jeopardised if the funds it not sanctioned soon. The corporation is known to be negotiating with many potential customers, including Poland, Egypt, Mexico and Portugal.

The Government's case was presented to M. Raymond Vouel, the Competition Commissioner, by Mr. Gerald Kaufman, Minister of State at the Department of Industry, at a meeting which follows several months of complicated negotiation at official level. With time running short for British Shipbuilders on a number of overseas contracts currently under discussion, M. Vouel is understood to have given Mr. Kaufman an assurance that the matter will be decided before the Brussels Commission largely closes down for the month of August.

The negotiations between the British Government and the EEC competition authorities concern the question of whether or not the £90m "special intervention fund" cuts across the Community's rules on unfair competition. The previous £65m fund granted to British shipyards pre-dated a tightening of the Commission's regulations. Under the fourth directive on competition policy, which was approved last March, stringent conditions have been imposed which the UK is having considerable difficulty in meeting.

The new ground rules stipulate that EEC members' national subsidies must aid an industry's fundamental recovery. Not only should they be linked to the restructuring of industries in decline, they should also involve progressively smaller sums of money year by year.

Italians seek a successor to Moro

BY DOMINICK J. COYLE

ROME, July 27.

THE CENTRAL Committee of Italy's Christian Democrat Party meets to morrow to elect a new president to replace the assassinated Aldo Moro with many wishing he was still there to stop the internal party squabbling.

As president, Sig. Moro was the adhesive which kept the party together, the man who in the 1960s first plotted the opening to the Left, the party's governing alliance with the Socialists, and, more recently and more dramatically, persuaded a reluctant party to accept the voting support in Parliament of the Communists to maintain a minority Christian Democrat administration in power.

The Communists are now part of the governing majority, although not formally of the government as such, and without Sig. Moro, more and more Christian Democrat voices are privately being raised against this alliance. They did not like it under Sig. Moro either, but it was assumed that he could deal with the Communists without putting at risk the ideological virtues of the Christian Democrats.

Without Sig. Moro the party is struggling for self-assurance. The new president will have a crucial role to play in this process and in trying to hold the various conflicting elements of the party in check. There has been no shortage of undeclared candidates, but party leaders usually "emerge" after weeks of subterranean intrigue between the various party factions involving private deals and promises in exchange for votes. Only then do aspirants allow their names to go forward.

This time round there is a front-runner — Sig. Flaminio Piccoli, a 63-year-old veteran of Christian Democrat politics, who was born in Austria and is currently leader of the Christian Democrat group in the Chamber of Deputies. He has managed to put together a coalition of support from a number of factions, and is said to have the backing of Sig. Benigno Zaccagnini, the reformist Secretary-General

Sig. Zaccagnini was close to Sig. Moro, and though his backing of Sig. Piccoli may not be decisive, it is hard to see another candidate making it to the presidency without his endorsement. Sig. Piccoli has gathered his own share of enemies, and no one knows for sure where he stands on the key question of the party's relations with the Communists.

Party factions are being encouraged to believe that he is "with the angels," which makes him an unlikely bedfellow for the Communists, but he himself is not saying much. He does suggest that no alternative governing formula exists for Italy at the moment given that the Christian Democrats can only secure a practical working majority in parliament through the votes of th Communists.

At the same time a few more such straws in the political air seeming to consolidate the party's advance in the recent local elections could persuade Piccoli and other party leaders that a snap general election could possibly get the Communists off their backs, especially if the rejuvenated Socialists under Sig. Bettino Craxi are willing to think about another Centre-Left alliance.

The local election season is over, but next year's direct elections to the European Parliament will offer a pointer to the standing of the main parties with the electorate, and the Socialists and Communists will then have to decide whom they want to sit down with in Strasbourg.

Postponement of the presidential election this weekend would be viewed as confirmation that the party is utterly divided and emphasise that the Christian Democrats want to rid themselves of the need for Communist backing. But for the moment all sides in the party are talking of the need for national consensus, and the Communists do represent one in three of the popular vote.

Senator Amintore Fanfani, the former Prime Minister and current Speaker of the Senate, recently criticised the Moro compromise with the Communists when he hinted that the Christian Democrats were losing their ideological way under the present leadership, and on Wednesday he announced that he would not even attend this weekend's party caucus.

The meeting will be the last big political session before the vacation, and everybody wants to get it over as quickly, and hopefully as tension-free, as possible. It will then be for Piccoli, or another, to try and fill Moro's shoes. It is an indication of his real loss to the party that few members believe it can be done.

Seveso report criticises company

By Our Own Correspondent

ROME, July 27.

AN ITALIAN parliamentary inquiry into the poisonous gas escape in July 1976 from the Seveso (Milan) chemical plant of ICMESA, a subsidiary of the Swiss Hoffman La Roche company, has criticised both the management and the Milan provincial authorities for unnecessary delays in recognising the risks to local inhabitants and in dealing with the problem.

The report discloses little new about the details of the Seveso tragedy which resulted in hundreds of people being hospitalised thousands evacuated from the contaminated zone of 1,800 hectares and some 80,000 farm animals being slaughtered.

Sig. Bruno Orsini, chairman of the commission producing the report, said here today that they had "formulated" specific charges, but that the final decision on any legal proceedings would be a matter for the magistrates.

The ICMESA management is charged by the commission with "very serious behaviour," not least over the extensive delay before the provincial authorities were told that the gas cloud released by the explosion at the Seveso plant was the deadly poisonous "TCDD."

Delays by the Milan authorities in dealing with the aftermath of the gas escape are also criticised, and they are further taken to task for not having used their available powers to establish before the incident exactly what chemicals and drugs were being manufactured by ICMESA.

Part of the contaminated zone around the Seveso district is still closed off, and a number of families have been moved permanently to alternative accommodation. Others have returned to areas around the contaminated zone, despite contrary advice from the authorities.

All top soil has been cleared from the area, but the authorities have yet to be satisfied that there in some mechanism for destroying finally the traces of the TCDD. Medical authorities are also concerned that the effects of the original gas escape could take years to show up in some of the people affected

Brittany hotel bookings drop

By Ian Hargreaves, Shipping Correspondent

HOTEL RESERVATIONS in north-east Brittany are down by 50 per cent on last year as a result of the Amoco Cadiz oil tanker accident, it was claimed yesterday.

M. Alexis Gourvennec, president of the Economic Committee of Brittany, said that in spite of efforts to reassure tourists about the limited effects of the oil spill, there had been a big reduction in bookings throughout the region, even in areas where no oil had reached the beaches.

The region has also experienced a sharp drop in the number of holidaymakers arriving without bookings. As a result there are still a large number of hotel and farmhouse vacancies in an area which is usually fully booked at this time of year.

M. Gourvennec said pollution was now restricted to a 50-mile stretch of coastline

French prices up slightly

BY DAVID CURRY

PARIS, July 27.

THE FRENCH retail price index rose by 0.8 per cent in June, a more modest increase than had been expected in the light of the Government's policy of increasing public sector tariffs and duties on tobacco and petrol.

M. Raymond Barre, the Prime Minister, had warned that the country must brace itself for a series of steep cost-of-living increases over the early summer, after which the rise would be more modest. However, for the second month in a row, the increase is less than anticipated, although the June-to-June rise is 9 per cent and the forecast for an overall 1978 inflation rate of around 11 per cent still holds good.

While the worst of the public sector tariff and duty increases have now worked through into the index, the effect of the liberation of industrial prices has still to be felt. The price rises announced so far by industry have been relatively modest because of competitive pressures, and the Government is probably reasonably confident that its general scenario for prices is holding good.

The weather appears to be at last on the government's side. One of the main factors behind the relative modesty of the June rise was the fall in price of some fresh vegetables, which helped to limit the increase in the food index to only 0.3 per cent.

While the general prices trend is still upwards, M. Barre defines these increases as corrective rather than inflationary. The relative predictability of price rises, together with the notable recovery into surplus of the first half trade figures and the relative quiet on the industrial relations and wages front, have encouraged the recent firming of the franc

Air controllers dispute spreads

PARIS, July 27.

AIR TRAFFIC controllers througout France start a work-to-rule tomorrow which could delay thousands of European flights on the busiest holiday weekend of the year.

They are seeking pay rises and other benefits, Reuter reports.

Flights throughout French air space have been disrupted for two weekends because of go-slows at regional control centres, but tomorrow will be the first action involving all French controllers.

Jimmy Burns in Madrid writes: After a long and heated session of talks, employers and union representatives in Spain appear to have averted a threatened four-day strike of petrol station workers due to begin on Friday.

Both sides have accepted in principle the mediation of the Ministry of Labour. This is expected to settle the current dispute over a collective pay increase.

EEC maps out Greek transition

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

BRUSSELS, July 27.

THE EUROPEAN Commission has dealt a blow to Greece's hopes that its farmers would reap immediate large benefits from EEC membership by proposing that Greek agricultural prices should be raised to Community levels only gradually over a period of at least seven years after accession.

EEC prices for most farm products except cereals are about twice as high as those prevailing in Greece at present, and the Athens Government has been demanding that its fruit and vegetable production should qualify fully for the higher prices immediately after it joins the EEC.

This request has been rejected chiefly at the insistence of France and Italy, which fear that their Mediterranean farmers would suffer badly from a sudden influx of more competitively produced products from Greece.

Indeed, the French Government has even turned down a Commission suggestion that Greece be permitted to align immediately its agricultural prices with EEC levels in cases where the difference amounts to only a few percentage points.

To sweeten the pill, the Commission has also recommended that Greece should be granted a similar transition period of at least seven years in which to reduce its agricultural and industrial tariffs to the lower levels prevailing in the rest of the EEC.

The proposed transition period for other areas, including quantitative restrictions on imports and capital movements, is five years. This is the same as the overall transition periods granted Britain, Denmark and Ireland when they joined the EEC.

Though the Commission said today that it expected Greece to achieve substantial progress during its first five years of membership in integrating its agricultural sector and tariff structure with the EEC, it is clearly concerned that the process could be subject to delays.

It has therefore allowed a margin of error by providing for the extension of the transition period in both cases by a further year, if necessary. The Council of Ministers would decide by qualified majority vote early in the fourth year of Greek membership whether an extension was justified.

The Commission said today that it expected Greece to enter the Community by 1981. The EEC has already committed itself to breaking the back of its two-year-old negotiations with the Athens Government by the end of this year, and at least a further 12 months would be needed to ratify the accession agreement once it is concluded.

Greece's adjustment to lower tariff levels once it is inside the Community could prove difficult. Its business sector will be likely

Turkey trade deficit falls

ANKARA, July 27.

TURKEY'S foreign trade deficit narrowed to $268m in June from $456m a year earlier, the State Statistics Institute reported today.

Exports were $162m (fob), up 30 per cent from June 1977 and 17 per cent from May. Imports totalled $430m (cif), down 26 per cent from a year earlier, and 2 per cent from May.

Total exports for the first half of 1978 stood at $963m.

AP-DJ

Ireland, UK grid link plan

By Our Own Correspondent

DUBLIN, July 27.

THE IRISH Government's Green Paper on energy, published today, comes out against the building of any more oil-fired power stations and suggests the possibility of a link between the Irish electricity system and the British grid.

It is likely to draw the opposition of environmentalists since its conclusions would involve the construction of more than one nuclear power station

AMERICAN NEWS

Citibank accounts examined by SEC

By David Lascelles

NEW YORK, July 27.

CITIBANK, NEW York's largest commercial bank, confirmed today that it had been notified by the Securities and Exchange Commission (SEC) that its overseas transactions were being investigated. The news came in the wake of a suit filed by a former Citibank employee, Mr. David Edwards, who claims he was wrongfully dismissed from the bank after he alleged there were irregularities in the bank's foreign money market transactions.

The SEC investigations are reportedly being conducted to determine whether Citibank "parked" funds among its overseas branches and susbidiaries in a way which might violate local laws. There is no suggestion that Citibank violated U.S. law, but the SEC is reportedly concerned about the possible impact of irregularities in the bank's foreign dealings on its financial condition and hence on the shareholders.

The SEC is refusing to comment on the case. However, Citibank said that its board of directors had ordered that Mr. Edwards' charges be studied by outside counsel and auditors. This stuy is now in progress, it said today.

Mr. Edwards' allegations are contained in voluminous papers filed earlier this week with the Supreme Court of the state of New York. These allege that from 1975, when Mr. Edwards was working with Citibank's international staff many of the bank's branches in Europe transferred funds to the Nassau branch, either by way of sale or deposit, so as to be able to record a loss, thereby understating their earnings in tax returns filed by those branches in the countries where they conducted their business. The profit was then recorded by the Nassau branch, which benefited from the absence of tax in the Bahamas.

Mr. Edwards alleges, however, that the apparent loss of earnings in Europe and the profit in Nassau were subsequently adjusted internally to eliminate Nassau's profit and to credit the European branch. This was recorded on a second set of books. Mr. Edwards alleges that these activities violate the tax and foreign exchange laws of the countries in which many of Citibank's European branches conduct their business, and as such constitute illegal payments.

He also claims that they affect material representations made by Citibank in documents filed with the SEC

Chilean junta row subsides

SANTIAGO, July 27.

GENERAL GUSTAVO LEIGH, sacked from his job as air force commander and member of the ruling military junta in Chile for criticism of the president, army Gen. Augusto Pinochet, has said that he would drop his plan to take legal action over his dismissal.

He told reporters that he only wanted to live in peace

Gen. Leigh was sacked on Monday, following policy disputes with Gen. Pinochet. They reached a peak when the air force commander said in an interview in an Italian newspaper that the government must set date for the return of democratic rule to Chile.
Reuter

U.S. inflation worries grow as pay rises gather pace

BY JOHN WYLES

NEW YORK, July 27.

CONCERN ABOUT the inflationary outlook in the U.S. deepened today after the publication of evidence that collective bargaining settlements are yielding higher pay rises than those of last year while worker productivity remains virtually stagnant.

Although the Department of Labour's latest quarterly reports on pay agreements and productivity makes slightly less gloomy reading than the previous surveys of the first quarter, they offer little evidence that management and employees are heeding the Administration's call for a slower rate of pay increases.

In the first half of the year, settlements covering more than group's of 1,000 workers yielded average, first-year increases of 8 per cent., and annual increases averaging 6.6 per cent over the life of the contracts. In the equivalent period last year, first-year increases averaged 7.8 per cent and the average increase over the life of the contract was 5.8 per cent.

More worrying for the Administration, which faces major negotiations covering car workers, steel workers and truck drivers next year, is the fact that large groups of workers which tend to be unionised are gaining even larger awards. So far this year settlements covering groups of 5,000 workers have averaged a 10.1 per cent increase and 7 per cent average gains over the life of the contract compared with 9.6 per cent and 6.2 per cent in the same period last year.

"This is unusual at this stage of a U.S. business cycle, when settlements for larger groups tend to moderate while the small less organised groups of workers start catching up. There is a cost push inflationary factor now," commented Mr. Jack Carlson, the U.S. Chamber of Commerce economist this morning.

Wage settlements in the second quarter moderated somewhat from the pace of the first three months when the statistics were inflated by the coal industry's 35 per cent three-year contract. Pay deals covering more than 1,000 workers produced first-year rises averaging 6.9 per cent and life of contract increases of 6.2 per cent. For groups of more than 5,000 workers the rates of increase were 6.7 per cent and 5.9 per cent.

Worrying Mr. Carlson and other economists is the widespread incidence particularly among the larger groups of workers, of cost of living clauses which pass on part of, and in some cases all, of the increases in the consumer price index.

In the 12 months since the end of last year's second quarter, the total increase in wage payments in the U.S. amounts to 7.6 per cent of which 1.6 per cent is attributed to cost of living clauses.

Strengthening the anxiety is the lack of any improvement in U.S. productivity which declined at an annual rate of 4.6 per cent in the first quarter and advanced by only 0.1 per cent in hte second. Total improvement over the past year has been only 0.4 per cent, which means that labour costs have risen by close to 9 per cent.

With the economy growing at a 7.4 per cent rate in the second quarter and industry running at a capacity utilisation in the 81-85 per cent range, a more substantial growth in productivity might have been expected. Labour costs in the second quarter leaped by 7.8 per cent, according to the Department of Labour today, much less than the first quarter's annual rate but hardly comforting. Output rose 8.8 per cent and hours worked 8.6 per cent.

Tighter rules for foreign banks

BY OUR OWN CORRESPONDENT

NEW YORK, July 27.

THE SENATE Banking Committee last night responded to mounting concern about foreign bank takeovers in the U.S. by approving legislation to tighten control over these banks' activities.

The legislation is considerably tougher than the International Banking Bill passed by the House of Rerpresentatives in April, and it meets many of the demands of the Federal Reserve Board which has long objected to the special privileges enjoyed by foreign banks.

The Senate committee's move appeared greatly to strengthen the chances of foreign banking legislation finally finding its way onto the statute book, ending a debate that has dragged on since 1973. The move was spurred by revelations from Mr. William Miller, chairman of the Fed, that in the intervening five years, the assets of foreign banks in the U.S. had risen from $37bn to $90bn.

At the moment, foreign banks operate virtually free of federal control, which enables them to open branches in any state that will have them. U.S. banks, by contrast, can open branches only in one state, though under the Edge Act they may indulge in non-retail banking activities across state lines.

The thrust of the Senate's amendments would be to place foreign banks on a similar footing with U.S. banks, by confining their deposit-taking branching activities to one state, and placing them under the "central review authority" of the Fed.

However, the Bill contains a so-called "Grandfather clause" which would allow foreign banks which already have inter-state branching to continue with it. These banks—including Barclays, which has branches in New York, Illinois and California—would thus end up in an exceptionally privileged position, enjoying advantages denied to both U.S. banks and later foreign arrivals.

This chance of getting a foot in a fast-closing door explains why so many foreign banks are currently expanding their U.S. operations.

Other provisions of the Senate Bill would give the Fed power to examine the books of U.S. branches of foreign banks, and require these branches to take out Federal deposit insurance coverage if they accept deposits of less than $100,000. There was recently a public outcry in New York over foreign banks taking in small deposits without insurance, which is generally required of U.S. banks.

The main provision of the House Bill was to allow the Fed to set reserve requirement for foreign bank branches similar to those demanded of U.S. banks.

Miller presses Fed interest Bill

BY OUR OWN CORRESPONDENT

NEW YORK, July 27.

MR. WILLIAM MILLER, the chairman of the U.S. Federal Reserve Board, today launched his bid to persuade Congress of the need for a Bill which, by allowing the Fed to pay interest on member bank reserves, he claims would make monetary management more effective and the U.S. banking system safer.

The Fed has submitted the legislation to Congress without ever admitting that it does not have the legal right to make the proposed changes by administrative action alone. This has soured relations with some members of the House Banking Committee whose chairman, Mr. Henry Reuss, has already tabled amendments which would substantially alter the Fed's proposals.

However, in a 17-page statement Mr. Miller argued before the House Banking Committee this morning for two important changes in the regulation of banking and financial institutions. The first, paying interest on balances which member banks are required to deposit with the Fed, is designed to halt the steady erosion in the number of banks belonging to the reserve system.

Between 1950 and 1976 the percentage of U.S. banks belonging to the system fell from 51 per cent to 40 per cent, while the percentage of bank deposits held by Fed members dropped from 86.7 per cent to 76.8 per cent. Generally the withdrawal of banks from the system is ascribed to the opportunity cost of maintaining non-productive reserves.

Mr. Miller told the House committee that interest paid on reserves would be no more than 7 per cent of member banks' net earnings in any one year after deducting total charges imposed for Fed services. The proposed rate would be half a per cent below the average return on the system's portfolio, which means that in 1977 the rate of return on balances would have been 6 per cent.

While payment of interest has won most public attention, the second major change proposed is the one which the Fed wants above all. This would impose a reserve requirement on all financial institutions, including savings and loan associations and mutual savings banks, on the proportion of their deposits devoted to transaction accounts.

Mr. Miller argued this morning that this would reduce the competitive disadvantage between banks and other institutions, as well as laying the basis for more effective monetary control.

POLITICAL TRANSITION IN PERU

Re-entry of the civilians

BY NICHOLAS ASHESHOV IN LIMA

THE FIRST step by Peru towards democracy after 10 years of military rule will be taken today, Independence Day, as the newly elected 100-member constituent assembly takes its seats in the Congress building in Lima.

At the swearing-in ceremony a few days ago, each of the 10 parties had supporters in the public galleries screaming for their team and hurling abuse at opponents.

The swearing-in was also marked by clashes outside the building between riot police and about 3,000 teachers. Most of the 120,000 state school teachers in Peru have been on strike for the past 12 weeks, demanding salary increases.

But most politicians in Lima agree that the military Government's attempts to find an orderly route back to civilian administration are going much better than generally expected. The elections, held on June 18, had to be postponed for a couple of weeks—partly because of a 48-hour, violent general strike and partly because voting preparations got behindhand—but, in the end, went off smoothly and with almost no accusations of fraud.

The process so far is generally acknowledged as a personal triumph for the President, General Francisco Morales Bermudez, who had to conquer considerable opposition within the armed forces, first to hold the elections, and then to dissuade Right-wing officers not to take steps against the 30 deputies elected with Communist, Maoist-Trotskyite and other Left-wing labels.

The assembly is to spend the next six to nine months drawing up a new constitution. Meanwhile, municipal elections are likely to be held in the first half of next year, followed by a general election for a civilian president and Congress at the end of 1979 or in early 1980.

This approach, which so far has paid off, is harried by problems. The most obvious is that of the economy. The striking teachers are a symbol of the most intensive recession to have hit Peru in living memory.

This week, the Peruvian financial authorities have been winding up three weeks of negotiations with the International Monetary Fund for a stand-by credit arrangement aimed at righting the national finances. It is the fifth round of negotiations within 16 months and some bankers question whether the Peruvian government is in any better condition than before to stick to the kind of fiscal austerity demanded by the Fund and the international banks to which Peru owes so much money.

It is unclear as to what part the assembly will play in government. In theory, it will have nothing to do with it, but most deputies do not take such a view. Nor does the military government.

The military will probably need civilian political backing for many of its actions, and it is generally accepted that it will be difficult for them to take any major step with which the two major parties — the centrist-Socialist APRA and the right-wing Christian Popular Party are in total disagreement.

One indication of the potential influence of the assembly over the government is a new decree which attempts to solve the question of the daily newspapers, all of which were summarily expropriated (without compensation—most Peruvians regarded it as confiscation) four years ago by the late General Juan Velasco, the first president of the military junta.

Peruvian newspapers, in modern times have been of poor quality, but standards have reached new lows during the past four years when the papers have been controlled rigidly by the government Information Office. One result is that most of them have been losing money and they have been vapid propaganda machines.

The latest decree, besides repeating earlier assurances about guaranteeing Press freedom—there is no reason so far to think these mean anything more than their predecessors did—have set up Government committees to supervise what amounts to a return of the newspapers to the previous owners. The decree contains clauses to specify that the journalists and printers working on the paper can buy up to 25 per cent of the shares, the former owners another 25 per cent, and the rest could be placed on the open market. The workers are unlikely to take their shares and the open market ones will certainly be bought by nominees of the former owners.

Besides being a decisive step in the throwing-over of the revolutionary principles which were a feature of the early years of the military government, the newspaper decree removes a major source of potential criticism which would have come from the constituent assembly. Indeed, Sr. Victor Raul Haya de la Torre, the 83-year-old APRA veteran who presides over the assembly, ordered a colonel and 40 journalists from the Information Office to leave the Congress building the other day—an indication of the contempt which most Peruvians seem to have built up for pro-military propaganda.

Capital gains tax cut approval nearly sure

By David Buchan

WASHINGTON, July 27.

CONGRESSIONAL approval this year of a large capital gains tax cut became well-nigh inevitable yesterday when the chairman of the Senate Finance Committee, Russell Long, lent his voice to those in the House of Representatives calling for a "sizeable" reduction.

Senator Long urged a reduction in the taxable proportion of capital gains, such as the sale of shares or other assets, to 30 per cent from the current level of 50 per cent. This approach—different from proposals presently before the House Ways and Means Committee, the key tax-writing body in the lower chamber, which calls for cuts in the actual tax rate to 35 or 25 per cent—brought no immediate reaction from the Administration.

President Carter had earlier hinted that he would veto any attempts to lower capital gains tax, viewing them as help-the-rich schemes. However, the Treasury Secretary, Mr. Michael Bluementhal, has suggested that a slight reduction might be acceptable.

The tax Bill goes to the Senate once the Ways and Means Committee has finished with it, probably this week. Proponents of a large capital gains tax cut, who if anything seem more numerous in the Senate than the House, argue that it would stimulate badly needed capital formation and investment. Mr. Carter's economists, on the other hand, contend that other tax measures, such as faster depreciation allowances for business investment, would be more effective and equitable.

Meanwhile, the chairman of the Council of Economic Advisers, Mr. Charles Schultze, yesterday explicitly rejected a recommendation by the Organisation for Economic Co-operation and Development that the U.S. should take firm monetary and fiscal action to slow growth as the only way of curbing inflation.

The Administration regards slower growth in the second half of 1978 and in 1979 as inevitable, but not something so desirable that it should be encouraged. It is still pressing the case on a willing Congress for a $15-20bn overall federal tax cut to come into effect next January.

More disclosure of executives' pay sought

By Our Own Correspondent

NEW YORK, July 27.

U.S. CORPORATIONS look likely to be forced to disclose a salary league table to cover as many as ten of their top executives, following a Securities and Exchange Commission decision yesterday.

Under existing SEC rules, a corporation must disclose in its annual proxy statement, and in filings to the SEC, compensation paid to its three highest-paid executives earning more than $40,000 a year. Similar disclosures have to be made about directors also earning more than this minimum.

According to the changes proposed yesterday, disclosures would have to cover the five highest-paid executives or directors, regardless of compensation received, as well as payments to the next five highest-paid executives or directors, if individual compensation were greater than $150,000 a year.

Of potential anxiety to transnational corporations is the application of the second category of disclosure to wholly-owned subsidiaries. Some companies have argued that this could expose highly-paid executives of overseas subsidiaries to the risk of kidnapping

U.S. COMPANY NEWS

Bethlehem Steel second-quarter upsurge; Overseas operations lift Ford Motor; Sharp setback at Gulf Oil; First-half increase for Pan-Am—Page 23

In a changing, competitive world this long-range jetliner gives airlines a huge advantage:

After a long study, one of the world's largest airlines concluded that the plane mile costs of the long-range L-1011 TriStar, the L-1011-500, are 8–10% below those of its nearest competitor. And that the plane mile costs of larger jetliners range up to 31% above those of the L-1011-500.

That airline will be operating the L-1011-500 in the near future.

There are a number of reasons the L-1011-500 offers airlines such an advantage.

Size is one. The wide body L-1011-500 is the ideal size to replace aging, narrow body jetliners on routes throughout the world. And it also is the right size to augment larger airliners which have much higher plane mile costs.

The L-1011's Flight Management System is another reason. Called the biggest advance since the autopilot, this exclusive L-1011 system saves millions in fuel over the life of each plane.

This and other exclusive systems add up to the world's most advanced long-range jetliner. And many of those systems—such as Direct Lift Control, Autoland and the Flying Tail—also help make the L-1011-500 the world's most comfortable long-range jetliner. The L-1011-500. Low in plane mile costs; advanced in technology; high in passenger appeal. No wonder it's called the wide body beautiful.

The Lockheed L-1011-500 TriStar
The world's most advanced jetliner.

OVERSEAS NEWS

Britons told to leave Iraq in wake of UK expulsions

BY ANTHONY McDERMOTT

THE IRAQI Government yesterday *ordered eight British diplomats* and two employees of British Airways in Baghdad to leave the country within seven days. The official Iraqi News Agency said the decision followed "unfriendly measures taken by the British Government by expelling a number of Iraqis at the embassy and other Iraqi establishments in London . . . after levelling false charges against them."

On Wednesday the British Government announced that it had asked 11 Iraqis to leave or not *return to Britain. These included* seven diplomats, among whom was the military attaché, Colonel Fawaz al-Shakir, and civilians working for Iraqi Airways and the Rafidain Bank. The Foreign and Commonwealth Office said in a statement that "the presence in London of a number of known Iraqi intelligence officers has led us to the conclusion it would be best for them to leave."

The British Government has become increasingly concerned at the threat to security caused by the spillover of Arab political feuding into the streets of London.

Over the last 18 months, two members of the Syrian embassy have been killed in a car bomb explosion. Mr. Abdallah al Hajari, former Prime Minister of north Yemen, and Mr. Said Hammami, the representative of the Palestine Liberation Organisation, have been assassinated.

The last straw was the assissination outside the Intercontinental Hotel earlier this month of General Abdel Razzaq *al-Nayif, a former Iraqi Prime* Minister.

Two Iraqis are being held in connection with this murder. But it is known that the British Government has been concerned with other activities by Iraqi intelligence agents unconnected with General Nayif's murder.

Although the number of expulsions on either side is roughly similar, Iraq has an establishment of about 70 in its embassy in London (of whom 50 are non-diplomats) while the British embassy in Baghdad consists of 15 *diplomats* and seven non-diplomatic staff.

At the same time, while relief was apparent that the immediate Iraqi reaction was not more severe, there is concern as to further possible retaliation. In general terms, Iraq is going through a highly sensitive period. In May 21 members of the pro-Soviet Communist party *were excuted for forming secret* cells in the armed forces. Its tradition enmity with the Ba'athist Government of Syria continues unabated.

The PLO in a recent meeting in Damascus condemned Iraq for its support for extremist Palestinian elements believed to be connected with assassinations round the world.

Relations between Britain and Iraq have for historical reasons been strained. Baghdad continues to regard British policies towards the Arab-Israeli conflict *and the Gulf with* extreme hostility and suspicion.

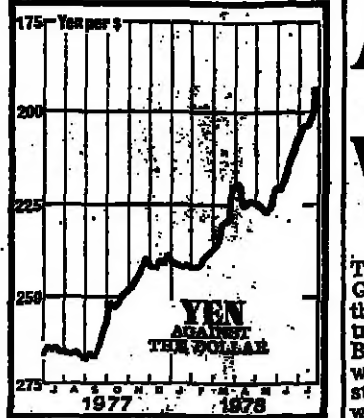
This has often been translated into open harrassment. Mr. Saddam Hussein, the Vice-President, and most powerful man in the Government virtually admitted in a recent Press conference that a British diplomat had been deliberately beaten up in Baghdad last month (in retaliation for an alleged police assault on an Iraqi diplomat in London).

Over the last 12 months, two locally employed members of the embassy staff have been arrested. British diplomats have been banned from using the road to the Presidential Palace on *which* a number of important ministries are situated.

The economic damage which could be done by a further worsening of relations is considerably less than in other oil-rich countries in the Middle East. The British Government has emphasised that it wants political problems to be separated from other aspects of normal relations.

About 1,500 Britons are working in Iraq, mainly on construction and consultancy contracts such as those of Taylor Woodrow for the construction of buildings at the *University of Baghdad*, and the long standing major irrigation consultancy contracts of Sir Murdoch Macdonald and Partners.

Outstanding are bids by Wimpeys for about a third of a railways contract between Baghdad and Hussaiba on the Syrian border worth £1.2bn; and by Plessey for the construction of an electronics factory worth £100m.



Over $1bn sold as yen hits new high

By Robert Wood

TOKYO, July 27.

MORE THAN $1.12bn were sold in Tokyo today, marking the first time since abandonment of a fixed Y360 to the dollar rate in 1971 that currency trading volume here has surpassed $1bn.

For the fourth day running the yen rose sharply to a new post-war record high. It spent much of the session at its high point, Y192.10 to the dollar.

Traders estimated that as much as $450m of the dollars sold today were purchased by the Bank of Japan, Japan's central bank. Mr. Teiichiro Morinaga, Governor of the Bank told a Press conference that the yen's rise was excessive and the Bank would continue to intervene to counter speculation.

"The Japanese market has reacted too sensitively to speculative views abroad, and calm will be restored sooner or later since the market has gone too far," he said.

Mr. Morinaga said Japan must convince the United States to join the defence of the dollar, but in Washington Mr. Anthony Solomon, Under-Secretary at the Treasury, said that the strength of the yen, not the weakness of the dollar, was the cause of the current upsurge.

The Bank of Japan has reportedly asked the U.S. several times to activate a "swap" arrangement which would give the U.S. Federal Reserve Bank yen credits that could be used to prop up the dollar. But the U.S. has not responded.

Mr. Morinaga's statement had little immediate effect on cooling selling of the dollar, but before the close of trading the yen fell back to Y193.50 to the dollar on a wave of dollar buying that was generally attributed to profit-taking. The yen had closed at Y194.50 yesterday.

The Y192.10 to the dollar rate where the yen spent much of the day was nearly Y10 below the central trading rate last Friday.

It marked a rise for the yen of 87 per cent over the Y360-to-the-dollar rate that prevailed until 1971 and 60 per cent over the Y308-to-the-dollar rate of the December 1971 Smithsonian agreement. The yen has now risen by a larger margin in comparison with the Smithsonian rate than the Deutschemark.

U.S. envoy in Jerusalem talks

BY DAVID LENNON

JERUSALEM, July 27.

ISRAELI LEADERS are meeting in Jerusalem this evening with American diplomats to discuss the state of the Middle East peace-making process under the cloud of the Egyptian expulsion of the Israeli military delegation from Alexandria.

Mr. Alfred Atherton, the roving U.S ambassador, will meet Mr. Menahem Begin, the Prime Minister, and Mr. Moshe Dayan, the Foreign Minister, to discuss the outcome of the Egyptian-Israeli meeting at Leeds Castle in Kent last week and the prospects for additional direct talks.

American officials were not particularly disheartened by President Sadat's expulsion of the Israelis who remained in Egypt since the direct talks broke down in January. They drew comfort from what they see as a *slight shift in the Israeli* position on the future of the West Bank.

Israel today continued to play down the political significance of the expulsion of its military delegation. Officials pointed to Mr. Begin's statement last night that it is part of the Egyptian war of nerves and not something over which Israel should get unduly excited.

Roger Matthews adds from Cairo: The Israeli military officers who had remained in Egypt for the past six months as a symbol of the hope that existed on both sides for progress towards a Middle East peace settlement, were today formally expelled from the country. They left on board an Egyptian aircraft from a military base near Alexandria.

The expulsion decision was taken at a long session of the National Security Council yesterday during which President Anwar Sadat and top-level government, military and intelligence officials discussed the latest state of peace efforts.

Official sources said the Council reached its decision because of Israel's continued failure to respond to Mr. Sadat's peace initiative and also to emphasise that Egypt could not contemplate any further negotiations until "new elements" were introduced.

Other sources suggested that senior army generals had become increasingly irritated at the continued presence of the Israeli officers, especially when there was no prospect of a resumption in the bilateral military committee talks that had been suspended in February.

This could be a timely reminder that Mr. Sadat cannot be oblivious to domestic pressures *and is increasingly* feeling the need to produce something that would justify further contacts with Israel. The Egyptian President is likely to *express his position* forcibly tomorrow when Mr. Atherton arrives here on the latest leg of his regional tour.

Three banks to advise Ghana, Turkey

By Francis Ghilès

GHANA HAS appointed a team *of three international investment* banks to advise it on its financial affairs. The banks are the American Kuhn Loeb Lehman Brothers, the French Lazard Frères and the British S. G. Warburg.

It has also been confirmed that the same three banks have been appointed by the Turkish Government to assist them with their foreign debt problems and on the negotiations on rescheduling this debt.

In the case of Ghana, the banks will be acting as technical advisors to the central bank. In the case of Turkey, they will be providing technical assistance to the Central Bank and to the Ministry of Finance.

Last month Ghana devalued its currency, the ceidi, in two stages: the first time by 11½ per cent, the second by 15 per cent, against the dollar. Today, one dollar is worth ceidis 1.35.

This team of three banks has already been involved in advising Indonesia on how to resolve problems over the large short-term debt contracted by the state company Pertamina and have also, more recently, been helping the Gabonese Government with its financial problems.

The three banks currently have a *team in Turkey examining the* position. They expect to start reaching conclusions on the kind of assistance they should offer by the middle of August.

Since the foreign debt problem is closely connected with the overall balance of payments and economic situation, any assistance they give is expected to cover domestic economic and financial matters as well as the foreign debt.

Safe technique for nuclear waste disposal claimed

BY LAURIE OAKES

CANBERRA, July 27.

AN AUSTRALIAN geochemist, *Professor A. E. Ringwood, today* made public details of a new technique he claimed could be used to dispose of radioactive wastes safely.

Professor Ringwood, director of the research school of earth sciences at the Australian National University in Canberra, told a Press conference that nuclear reactor wastes could be stored in a synthetic rock, which he had named "synroc."

The technique, developed by Professor Ringwood and a team of researchers over the past nine months, has been patented by the university. It is outlined in a book, "Safe Disposal of High *Level Nuclear Reactor Wastes: a* New Strategy," which goes on sale in Australia and overseas tomorrow.

The new strategy claimed is based on the fact that, in nature, small amounts of the same elements which occur in radioactive wastes can be immobilised in the crystal lattices of certain minerals. Professor Ringwood says that in his laboratory he can produce highly stable synthetic minerals.

Professor Ringwood claims that, given "unlimited funding," *his "synroc" process could be in* commercial use in two or three years.

Australian inflation falls

BY OUR OWN CORRESPONDENT

CANBERRA, July 27.

CONSUMER PRICE index figures for the June quarter of 1978 show that Australia's annual inflation rate has dropped below 8 per cent for the first time in six years.

A 2.1 per cent *rise for* the three months to June 30 gave a rate for the 1977-78 financial year of 7.9 per cent, the lowest annual rate since 1971-72.

The figures issued by the Australian Bureau of Statistics today were hailed by the Government as evidence that its policies were making substantial inroads into inflation.

The June quarter increase was significantly higher than the 1.3 per cent rise in the March quarter, but a major reason for this was a Government-sanctioned increase in health insurance charges.

A 2.8 per cent increase in food prices over the three months also contributed significantly to the rise. The non-food component of the index rose by only 1.9 per cent.

The Treasurer, Mr. John Howard, said the seasonal impact of winter clothing prices on the index had also affected the June quarter outcome.

Mr. Howard said the figures showed "continued progress in winding back inflation." There would be further evidence of the Government's determination to achieve this in the budget he would introduce on August 15.

The Prime Minister, Mr. Malcolm Fraser, said all the forecasts available to the Government indicated that inflation would continue to come down.

Malaysian PM announces new Government

By Wong Sulong

KUALA LUMPUR, July 27.

DATUK HUSSEIN ONN, the Malaysian Prime Minister, today announced his 23-member cabinet aimed at regaining the support of the Chinese for his multi-racial 10-party coalition Government.

The Prime Minister gave up the defence portfolio to take *personal charge of the federal* territory of Kuala Lumpur, in an attempt to draw away Chinese support from the opposition.

He also increased the Chinese representation in his new cabinet from five to six, and assigned the Chinese members to portfolios with greater influence than those they held before.

In the recent general elections, the opposition Democratic Action Party swept most of the cities, doubling its parliamentary representation from eight to 16.

The DAP won three of the five *seats in the federal territory*, including one which was won by a DAP member who had been detained for the past 20 months without trial for alleged Communist activities.

Although Datuk Hussein's National Front won 132 of the 154 seats in the elections, the DAP put up a surprisingly strong showing by winning between 65 and 70 per cent of the Chinese votes.

Senate vote 'will not speed Rhodesia talks'

BY TONY HAWKINS

SALISBURY, July 27.

SPOKESMEN FOR three of the four parties to the Salisbury internal agreement were agreed today that the Senate vote in Washington maintaining U.S. sanctions against Rhodesia would not speed Salisbury's acceptance of the Anglo-American proposal for an all-party conference.

At the same time, officials saw the Salisbury Government's opposition to the conference as being vindicated by the demand from Mr. Robert Mugabe, in an *interview published here today*, that Britain hand over "full power" in Rhodesia not to the African people as such but to the Patriotic Front guerrillas.

Mr. Mugabe told the African editor of the country's leading black newspaper, the Zimbabwe Times: "When we discuss with the British a negotiated settlement, *our stand* is that full power must be transferred to us. By power we mean not just the fact of a political majority in Parliament or in Government, but also the other instruments of physical control—the army, the police force, and the air force must be our own. Smith's forces must go and be replaced by our forces."

Officials say this statement makes a mockery of the concept of the all-party conference.

They were commenting on the Senate compromise resolution which holds out the hope that sanctions will be lifted next year after free and fair elections, the installation of a majority government, scheduled for December 31, and a serious effort by the Salisbury transitional government to compose its differences with the Nkomo - Mugabe Patriotic Front.

One official asked: "What on earth is the point of going to a conference if that is what the Patriotic Front wants?"

The official voiced the widely-held Salisbury belief that to agree to attend a conference without first having secured some measure of agreement on the groundwork would create the impression among Patriotic Front supporters that Salisbury was on the point of collapse.

He contrasted the Mugabe position with that of the transitional Government, which on Wednesday announced plans for holding one-man one-vote elections on December 4 to December 6.

Another official made the point that the Rhodesian issue was reaching the astonishing stage whereby Rhodesian whites were pushing ahead with their black colleagues in the transitional Government to ensure majority rule at the end of this year, while the British and U.S. Governments were working to stall and delay the process by demanding new conferences.

Officials reacted with resignation to the Senate vote. "We didn't really expect anything different," one official said, "after the Administration had started lobbying so strongly."

A spokesman for the Rev. Ndabaningi Sithole's ZANU said: "So far as we are concerned, we still stand by our position that all-party talks would not serve any useful purpose at all."

A spokesman for Bishop Abel Muzorewa agreed. "I don't see this motion providing any impetus for all-party talks," he said.

A Rhodesian Government official commented that the resolution, with all its qualifications, was a step forward. "Half a loaf is better than none," he said.

WORLD TRADE NEWS

Airbus consortium denies wing contract with Fokker

BY DAVID CURRY

PARIS, July 27.

THE PREDOMINANTLY Franco-German consortium which builds the Airbus said today that no contract to build the wings of the B-10 version of the airliner, on which development is about to start, would be placed until it was clear whether the UK would re-associate itself formally with the project.

It said that reports that the wing contract had already been allocated to the German-Dutch group Fokker-VFW was false, though, if Britain failed to join the consortium, Fokker would probably be awarded the contract. Outline contracts in the event of British failure to participate already existed.

However, the consortium was still hoping for British participation which would permit British Aerospace to construct the wings of the 200-seater B-10, as it had already built and would continue to build the wings for *the larger existing B-2 and B-4* versions.

The need to find work for British airframe manufacturers and the need to find employment for *Rolls-Royce engines have* been the two main factors at issue in Britain's current attempt to decide whether to associate itself with European or *American interests for the next generation* of airliners.

It is still not clear what deadline, if any, the British are working to on reaching a decision about Airbus. There have been broad hints from the French that their tolerance may not stretch much beyond the end of September.

There is, clearly, a certain amount of bluff in the negotiations. The French Transport Minister, M. Joel le Cheule, a fortnight ago insisted that an *Airbus order from British Air*ways would be part of the UK's entry ticket back into the consortium, but when he met the UK Industry Minister, Mr. Eric Varley, a few days later in Paris, this question was apparently not raised.

The Airbus *decision* is seen by the French in the general context of what they are portraying as Britain's refusal to play the game by the European, or, more precisely, *EEC rules*.

The UK's suspicions about the Franco-German monetary stabilisation scheme and her renewed onslaught on the Common *Agricultural* Policy are both seen as evidence of Britain's prior disposition to align herself with American interests rather than with those of her Community partners.

'No conflict' over order

BY CHARLES BATCHELOR

AMSTERDAM, July 27.

FOKKER-VFW spokesman in Amsterdam and Bremen today confirmed that the wing-frame designed by the German arm of Fokker will be used in the new B-10 version of the Airbus.

Fokker in Bremen said there was no conflict within the Airbus consortium about the choice of the wing which was agreed by the German and French partners recently in Toulouse.

The only explanation for the denial by Aerospatiale of the deal could be that French pride was hurt by the choice of the Fokker wing over one designed by the French company, a spokesman said.

But preparatory work is due to begin in August in Bremen *on* further design aspects of the wing and both German and French aerodynamics experts will be involved, Fokker said.

The Wings will be built mainly in Germany and assembled in Bremen before being taken to Toulouse for the final assembly of the aircraft.

Agreement on the wing does not exclude British participation in the *Airbus project but* the UK's chances are diminishing day by day, the spokesman said.

Australia boosted by EEC talks

BY DAVID HOUSEGO

AUSTRALIA had received some encouraging signs from EEC officials that the Community would allow greater access for *Australian agricultural products*, Mr. Doug Anthony, deputy Prime Minister of Australia, said in London yesterday.

In private conversations EEC officials had indicated that for some commodities there would be predictable access and increased growth, Mr. Anthony said. He favourably contrasted this with the "negative" attitude that the EEC had adopted in the past.

Early last month after a year of almost continuous pressure *Australia failed in its attempts* to get from the EEC Commission guarantees for greater access for beef, sheep meat and fruit—a rebuff that drew a strong denun*ciation from Mr. Malcolm Fraser*, the Prime Minister, who threatened to review the whole of Australia's trading policy with the EEC.

Australian officials were making the point yesterday that the *EEC had in the past raised Aus*tralia's hopes over increased access but then failed to fulfil them.

Mr. Anthony, however, said *that he had been encouraged as* well by a change of attitude by the EEC towards international commodity arrangements for beef, dairy products and grain.

He was also encouraged, he added, by the EEC's attitude towards an international code on the subsidising of agricultural exports—a measure for which *Australia has long been pressing*.

Mr. Anthony left little doubt that he blamed the present depressed market for sugar on exports from the EEC which is *not a member of the Inter*national Sugar Agreement (ISA) and on the U.S. Congress for failing to pass the legislation ratifying America's membership.

At the existing low prices for sugar and with the present cutbacks in production he warned that the ISA could break down. If this happened then it was a waste of time discussing other commodity agreements or the Common Fund.

Mr. Anthony said that today's meeting of the executive committee meeting of the International Sugar organisation would draw attention to the U.S. failure to ratify the sugar pact and the consequences for world prices of subsidised exports of sugar from the EEC.

He had drawn some hope from indications that the EEC might soon associate itself with the sugar agreement. It was essential, he declared, to know the volume of EEC sugar exports and that the EEC be subject to the same disciplines as other exporters.

Talks on Tazara rail delays

BY MICHAEL HOLMAN

LUSAKA, July 27.

IN A FURTHER effort to resolve Zambia's transport crisis, three Zambian ministers and senior government officials have been *meeting their Tanzanian counter*parts in the port of Dar es Salaam this week to discuss the deteriorating performance of the Chinese - built Tanzania - Zambia *railway (Tazara), the main* reason for the backlog of Zambian imports and copper exports.

The delegation is led by Finance Minister John Mwanakatwe, and includes Transport Minister Peter Chinkuli and Public Works Minister Haswell Mwale. Senior officials include Mr. Lloyd Sicholo Go, Permanent *Secretary, Ministry of Finance*, and Mr. Nedson Nyoni of the Department of Contingency Planning.

About 110,000 tonnes of copper are held up at the port in transit and in other ways. Of this total, worth *£77m* at current prices, some 35,000 tonnes are at Dar es Salaam, according to mining *sources*.

Nearly 70,000 tonnes of Zambian imports await shipment from the port, which handles 90 per cent of Zambia's trade, say shipping sources. Berthing delay is 30 days and the port already has a 15 per cent congestion surcharge.

The reasons include a shortage of trucks and locomotives on Tazara, a slow turnround of trucks, and poor management *and maintenance of the line*, which has led to the return of an undisclosed number of Chinese, who originally built the line. It was formally handed over to the two governments in 1976, although a small number of Chinese drivers and technicians remained. In addition, port facilities are inadequate and labour productivity has declined.

Last month Mr. Mwanakatwe warned that the copper backlog —which stood at 130,000 tonnes on June 10—had to be cleared as a "matter of utmost urgency." The copper provides 95 per cent of Zambia's export earnings and the country is acutely short of foreign exchange.

The current stockpile represents about 17 per cent of Zambia's 1978 production target of 650,000 tones. The consequent delay in copper receipts has severely strained the two 51 per cent Government - owned producers, Roan Consolidated Mines and Nchanga Consolidated Copper Mines. *Last* month NCCM had to delay payments to local contractors as a result.

The position at Dar es Salaam would be even worse were it not *for the fact that Zambian* fertiliser imports — 189,000 required this year—have been diverted to the Mozambique port of Beira.

Some 50,000 tonnes have so far passed through the port, say agriculture sources, and the rest must arrive in Zambia by the end of September, if it is to *reach maize farmers in time* for the November rains.

Sources in the mining industry and shipping agencies are pessimistic about short - term prospects. A *succession* of top level meetings over the past eight months have had little impact on the problem.

It represents the thorniest issue in Zambian politics, for it raises speculation about the southern route through neighbouring Rhodesia, closed since 1973.

U.S.-India pact in Geneva

GENEVA, July 27.

THE UNITED STATES and India have agreed to provide each other with a wide range of product concessions within the Tokyo Round tropical product negotiations.

Under the terms of the understanding, the United States will provide most-favoured-nation duty reductions on a range of products of particular interest to India, including mica, jute and other vegetable fiber products, floor covering, medicinal morphine and several agricultural products, including frog meat and mangos.

Indian contributions consists of the elimination of British Commonwealth trade preferences, liberalised import licensing procedures, and the facilitation of mica exports.

Liberalised import licensing procedures are of benefit to a number of U.S. exports including almonds, machine tools, oil and gas well-drilling equipment, chemicals, medicines, metal products and consumer manufacturers. These measures are already in effect.

Concessions provided for in the exchange of letters will be implemented by the United States within 60 days.

Speaking on behalf of the United States, Mr. Alonzo McDonald said: "It is appropriate that we sign this important understanding shortly following *the* Bonn economic summit where the seven heads of state committed themselves to successful completion of the Tokyo Round this year.

Sweden will contest U.S. curb on aircraft for India

BY WILLIAM DULLFORCE

STOCKHOLM, July 27.

THE SWEDISH Government will contest a possible ban by the U.S. on the sale of Saab-Scania Viggen aircraft to India.

The attack and interceptor versions of this aircraft are both powered by a modified Pratt and *Whitney engine manufactured in* Sweden under licence. They also contain other American components.

The Swedish Embassy in Washington has been informed that the White House would "probably react negatively" to the sale to India. Under the licensing agreement the U.S. has to approve re-exports of American technology.

But Mr. Johan Nordenfalk, Under Secretary in the Swedish Trade Ministry, said yesterday that the Government would pursue the question of an export licence for Saab-Scania in Washington. Sweden wanted "an open discussion" of the prin*ciples applied to technological* exports to third countries, he said.

Recently, the U.S. delayed exports of a computerised air control *system from Sweden to* Moscow, because the computers included American components.

Saab-Scania is competing with the Anglo-French Jaguar, the French Dassault Mirage F-1 and possibly a Soviet aircraft for the Indian order.

Saudi freight rate plan

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

SHIPOWNERS serving routes between Europe and Saudi Arabia have been warned that any large, unilateral decision to increase freight rates will result in correspondingly large increases in Saudi port dues.

Dr. Fayz Badr, chairman of the Saudi Ports Authority, said yesterday that the proceeds of the higher port charges would be passed back to shippers in order to cancel out the effect of the freight rate increase.

Dr. Badr, who is in London as chairman of a Middle East Transport magazine conference on Arab ports, has already made the position clear privately to the shipping lines involved.

"I would ensure a zero sum gain for the shipping lines. They must realise that there are new realities in the shipping industry and that they are no longer the sole decision makers in determining tariffs," he said.

Dr. Badr said he had heard unofficially that the lines were considering increases as high as 50 per cent for container rates between Europe and Jeddah. This *could not be tolerated* because it would work against the trend whereby Saudi Arabia had cut its inflation rate from 40 per cent to 10 per cent.

Japanese vehicle exports reach 2.5m

TOKYO, July 27.

JAPANESE vehicle exports in the first six months this year rose to a record 2.5m despite Government attempts to slow them down, it was announced today.

The rise of more than 20 per cent over the same period of last *year seems* certain to increase already intense overseas criticism of Japan's trading practices.

Exports to the U.S. in the six months rose 31.5 per cent to just over 1m. Sales to the Common Market countries were up about 19 per cent at nearly 324,000, the Automobile Manufacturers' Association said.

Shipments to Britain rose to 103,370 from 86,459 in the same period of last year, threatening to undermine a Japanese Government pledge to keep 1978 exports to that market down to last year's level of about 171,000.

Exports to West Germany in the six months rose to 51,999 from 27,667 in the same period last year. Other markets where exports rose included Saudi Arabia. A total of 156,592 vehicles were shipped there, compared with 100,519 between January and June last year.

Reuter

Colour TV exports fall

TOKYO, July 27.

JAPAN'S colour television exports in the first half of this year fell 31.1 per cent to 1.61m sets from 2.34m in the same 1977 period, the Japan Electronic Industries Association said.

The fall reflected a slump in the shipments to the U.S., Canada, Australia and European countries, although those to Taiwan and Saudi Arabia rose, it said.

The first half-year exports to the U.S. dropped 37 per cent to 744,455 sets from a year earlier, to Canada down 28.6 per cent to 130,000, to Australia down 65 per cent to 92,000 and to Britain down 5.2 per cent to 80,000 sets, it said.

Reuter

Algeria gas contract

Saipem, the engineering subsidiary of the Italian state energy group ENI, signed a L100bn contract to build a 550 km section of gas pipeline in Algeria, Reuter reports from Rome. Sig. Pietro Sette, the ENI chairman, said it was the first step in a large project to bring Algerian gas by pipe to Italy. He said the contract, and another one worth around L150bn to build an oil pipeline in Algeria, will be paid for in hard currency on a monthly basis as work proceeds.

Libya plant deal

Montedison said yesterday that its engineering subsidiary, Italconsult, had signed a L20bn contract with the Secretariat of Electricity of Tripoli, Reuter reports from Milan. The contract is to build two desalination plants, doubling the capacity of existing plants which are linked with an electric power plant built jointly by Italconsult and Fiat.

Peking-Manila oil

China and the Philippines have signed a five-year agreement under which the Philippines will import 1.2m tonnes of crude oil a year from next January at prices to be negotiated on an annual basis, Reuter reports from *Manila quoting an official Philippines* news agency PNA report from Peking. Last year the Philippines imported 900,000 tonnes of oil from China. The current agreement is worth about $500m.

Dredgers for China

China has ordered six cutter suction dredgers worth a total of Fl 40m ($18m) from the specialised Dutch shipbuilder IHC-Holland, Charles Batchelor reports from Amsterdam. Construction and delivery will take place over the next 10 months. The deal brings the total of dredgers ordered from IHC-Holland by the Chinese to 50 over the past 15 years.

Renault trucks

Renault Vehicules Industriels, the truck division of the French nationalised automotive group said yesterday it had signed a *Letter of Intent* with the Mack truck company of the U.S., AP-DJ reports from Paris. The agreement envisages giving Mack exclusive rights for the distribution of the division's middle-range trucks throughout the U.S. and Canada.

VW's Ecuador option

Volkswagen has received first priority for negotiations with the Ecuador authorities to set up a plant there for private vehicle construction, Reuter reports from Frankfurt quoting West German domestic economic news agency, VWD.

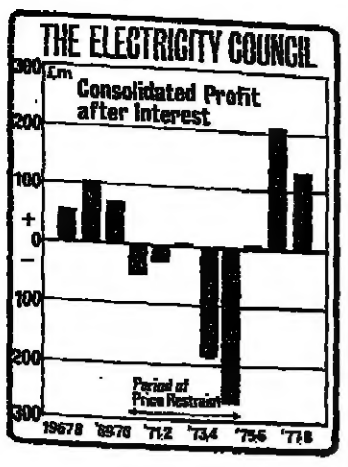
Details of the size or value of the plant are currently not available, according to VWD. No one at VW's main plant in Wolfsburg was available for comment on the report.

Irish pipeline

The Royal Adriaan Volker group said two subsidiaries, Visser en Smith Bouw and Adriaan Volker Pipelines and Services International have won a Fl 4m ($1.8m) order to place a 1,500 metre pipe*line in the sea off Drogheda in* Eire, our Amsterdam correspondent reports. The work will be carried out jointly with Irishenco. The order was placed by Cement Joint Enterprises.

Komatsu deal

Komatsu has won a Y4bn order for construction machinery, including bulldozers and motor graders, from Sonacome, the Algerian State mechanical construction corporation. The order for 230 machines, to be delivered by the end of this year is in addition to a Y6.4bn order for 320 similar machines placed by the corporation last February.



Adjusted electricity profits a record at £293m

By John Lloyd

THE ELECTRICITY COUNCIL yesterday announced net profits of £132.8m for the year which ended in March. However, adjusting the figures to provide comparison with the previous year, the profits was £293m., a record for the industry.

The adjustment is made by adding in £160m charged for supplementary depreciation for the first time his year.

The Central Electricity Generating Board, the largest component part of the council, declared a profit of £18.7m. When adjusted on a similar basis, the profit is £127.5m, slightly down on the previous year's figures of £129.8m.

Sales of electricity were 2.4 per cent up on the previous year, described by Sir Francis Tombs, the council5s chairman, as "a modest growth made despite rising unemployment and a stgnant industrial demand."

The large profits will not result in any further cut in charges beyond the 20 per cent. reduction in night rates announced earlier this month.

Mr. Glyn England, chairman of the Generating Board, said that the price advantage enjoyed by coal over oil had now been largely eroded. The Board had increased its oil burn recently and cut its coal burn.

Commenting on remarks made by Mr. Anthony Wedgwood Benn, Energy Secretary, in an interview in the Financial Times that the Board may be brought more firmly under Government control, Mr. England said that what had been suggested was a departure from the rules under which he presently operated.

He conceded that "we must all accept that energy has become a major element in the political life of the country," but did not see any immediate cause for change.

If coal was to be subsidised in order to make it more attractive to the Board, as Mr. Benn suggested, it should be done by making a grant to the Coal Board.

The Board burned around 100m tonnes of coal equivalent last year, of which 70m tonnes was coal, 16m tonnes was oil, 12m tonnes was nuclear.

The report welcomes the Government's decision to allow orders to be placed for two advanced gas-cooled reactor nuclear power stations.

BBC seeks £30 fee for colour licence

BY ARTHUR SANDLES

A £30 COLOUR television licence could result from present negotiations between the BBC and the Government.

Sir Michael Swann, BBC chairman, said yesterday that the corporation was seeking a licence fee in the £27-£30 range and would prefer something nearer the top of that bracket. The fee now is £21.

Sir Michael said that the corporation wanted a licence fee that would last three years, to allow it to make forward plans.

Arguments for an increased fee are largely based on predicted inflation. If 10 per cent inflation was assumed for the next three years the fee would have to rise to £28.

However, the eradication of present BBC borrowing (rapidly approaching its £30m limit) would cost the equivalent of a £2 rise on the licence fee in a year.

To these sums had to be added the costs of restoring services cut during the present economy drive and of expanding the BBC's activities.

Sir Michael said some effects of the present cuts were beginning to show. Budgets for programmes were tighter and some shows were repeated.

The BBC and the Independent Broadcasting Authority welcomed the White Paper on Broadcasting as far as recommendations on radio were concerned.

The IBA said: "Potential applicant groups are known to exist at varying degres of readiness in some 70 or 80 areas in England, Wales, Scotland and Northern Ireland."

There would be talks with the BBC on the allocation of frequencies to provide a widespread system.

The BBC said that it had 18 sites in mind; and that talks were in progress for stations on Jersey and Guernsey and smaller community stations in Greater London.

● The Government's decision to allocate the fourth television channel in Wales to a Welsh language service has been received with mixed feelings in the principality. While it has been welcomed as a historic step forward for Welsh-language broadcasting, others say that the Government has opted for the cheapest solution available to meet the broadcasting needs of a bilingual country.

Water schemes granted £20m

BY LYNTON McLAIN, INDUSTRIAL STAFF

BRITAIN'S National Water Council has been granted three loans totalling £20.6m by the European Investment Bank to finance water supply and drainage schemes in north east and south west England.

The council gave details of the loans only a day after Lord Nugent of Guildford, the council chairman, said that he would be "on the alert for opportunities to borrow overseas at terms and rates more favourable than those offered at home by the National Loans Fund."

The European Investment Bank, operated by the European Economic Community, has already loaned Britain's water industries £193m.

The Iranian Government has loaned $800m and $300m had been borrowed from the Orion Bank syndicate.

Half the money will be used to assist the installation of sewage treatment and disposal works by the Northumbrian Water Authority on Tyneside. The new works will reduce pollution of the River Tyne by two-thirds.

A further loan of £6.6m will go for the Northumbrian Water Authority scheme at Kielder. This involves the construction of a dam and reservoir with a 200m cubic meter capacity on the River North Tyne.

A total of £4m will be loaned to the Sotuh West Water Authority to increase water supply in the Plymouth area.

Topping the growth league

FINANCIAL TIMES REPORTER

OVERSEAS TRADING groups and property companies have been the outstanding share price performers of the last ten years, according to a table published yesterday covering 52 companies in the financial sector.

But the City Growth League, published in next month's issue of the magazine Management Today, provides further evidence that financial institutions such as insurance companies and merchant banks have been prone to big changes in fortune over the last decade.

Top of the table is overseas trading company S and W Berisford where invested capital over the last 10 years has increased more than 15 times. Growth is calculated by taking the change in the adjusted share price between 1968 and June 7 this year, plus gross dividends, and expressing the total return as a percentage of shareholders' original capital.

Three of the five overseas trading groups listed in the table are among the top four. The others are Inchcape (second) with growth of 800 per cent and Harrisons and Crosfield (rated fourth) with growth of 495 per cent.

On the other hand Lonrho has disappointed in 42nd place with growth of only 39 per cent.

Property companies have six groups in the top ten: Haslemere Estates (3), Hammerson (5), Great Portland (7), Stock Conversion (8), Slough Estates (9) and Allnatt (10).

Merchant Banks are one of the less attractive sectors and the magazine says an equal investment in five main-line banks would have yielded a gross return of only 20 per cent. Hill Samuel (47), Hambros (46) and Mercury (49) come off worst.

Leyland studies $15m claim

FINANCIAL TIMES REPORTER

BL EXECUTIVES in London were trying to asses last night just how serious a threat was presented to the group by a US$ 15m (£8.3m) suit for breach of warranty filed in a Federal Court in Marylnd against Leyland Cars.

The suit has been brought by 14 individual plaintiffs from seven states and the District of Columbia and complaints concern five different models, including the Marina, Jaguar, MGB and Triumph.

The Center for Auto Safety, a Washington-based consumer group closely connected with Mr. Rlaph Nader, the campaigner, has acted to bring several of the plaintiffs together after monitoring complaints about Leyland Cars in the U.S.

The Center claims that the case is of particular interest as it is only the second time that the 1975 Magnuson-Moss Act, which gives consumers a Federal course of action has been tested in the courts.

Council joins the 40 per cent. club

THE ELECTRICITY COUNCIL has, like other nationalised industries, taken the controversial step of adding a 40 per cent supplement to its historic cost depreciation provision to compensate for inflation, writes John Lloyd.

The controversy, stimulated by the recent Price Commission report on the South of Scotland Electricity Board (of which Sir Francis Tombs was chairman before taking up the chairmanship of the Council) centres on the propriety of building in this extra depreciation without also bringing in a "gearing adjustment" to take into account the benefits inflation gives by reducing the real rate of interest repayments.

Sir Francis is sympathetic to the view that this may be unsatisfactory, and said yesterday that he favoured a gearing adjustment. The council had still to move to "full inflation accounting."

The report is admirably clear about the introduction of the extra depreciation this year, and points out the comparison with the previous year's profits on a comparable basis.

Sir Francis said that in any case the profits were not really very large when set against the turnover of more than £4.5bn, net assets of £6.5bn and £800m worth of capital requirements.

Sales are 2.4 per cent up on the previous year, though the growth was in the first half of the year, and the latter half actually showed a decline as industrial production fell.

Commercial customers showed the biggest rise in demand—up by 5.8 per cent over the previous year—while domestic consumers took 1.7 per cent more and industry 1.4 per cent more.

Sir Francis expects more rapid growth this year, as industry and the domestic demand picks up.

Consumers have had to bear a number of price increases over the past year. Last April, area electricity boards raised their prices by an average of 4.5 per cent: later in the year, the fuel cost adjustment in tariffs raised them a further 7.5 per cent.

Last February the Price Commission allowed a further rise in retail tariffs of 5 per cent, which came into force on April 1. The operation of the fuel cost adjustment is expected to add around 3 per cent to that in the course of this year.

In sum, prices rose 12 per cent last year and will rise around 8 per cent in this. The council will not be drawn on further increases, but Sir Francis pointed to the recent 20 per cent cut in night rates as an indication of a healthy downward pressure on prices.

The Central Electricity Generating Board, which presented its report with the council yesterday, expressed its concern over the continuing real rise in the cost of fossil fuels.

Fossil fuel (oil and coal) prices were up 17 per cent over the previous year, compared with a 14 per cent rise in the Retail Price Index.

The narrowing differential between coal and oil now means that the two are virtually on par as far as the central board is concerned. This year, the board is taking a record 72m tonnes of coal: but around 3m tonnes (possibly rather more, depending on the relative coal/oil prices) will be put to stock.

Like the Post Office, the council has taken advantage of favourable cash flow by repaying £540m worth of foreign loans early (in line with Government requests to schedule debt away from the peak repayment years of the early 1980s).

It had to borrow £512m domestically to make up for it, and provided the balance from internal resources. Its total debt fell over the year from £5.19bn to £5.16bn.

The council has published efficiency indicators for the first time. Thermal efficiency in power stations stands at 31 per cent—up 10 per cent over the past 30 years.

BP makes big oil find near Buchan Field

By Ray Dafter, Energy Correspondent

A CONSORTIUM led by British Petroleum has made an important oil discovery close to its Buchan Field in the North Sea.

It could indicate a significant increase in the reserves of Buchan, which is due to be brought on stream in the third quarter of next year.

BP said that the well—the eighth to be drilled on block 21/1 some 52 miles north-east of Peterhead, Aberdeenshire—had produced "encouraging" information.

The company tested a geological zone at depths between 2,990 and 3,130 metres. Oil flowed at a rate of 3,500 barrels a day, considerably higher than the Buchan discovery well, sunk in 1974.

The latest well was drilled about two kilometres south-west of the site for the main Buchan production system.

The Kingsnorth UK rig has been retained to drill a well from the same position but angled northwards.

Complex

In this way, BP and its partners hope to confirm the south-westerly extension of the Buchan reservoir.

Buchan is to be exploited at an initial capital cost of about £100m by means of a floating system.

BP has gone ahead on the basis that recoverable reserves are at least 50m barrels, although industry reports suggest that the complex reservoir could yield considerably more.

BP is hoping to achieve an average high production rate of at least 50,000 barrels a day over a four year period. However, this output might be boosted if the latest discovery proves to be a commercial find.

BP may use a sub-sea production well system to exploit the south-westerly extension.

Law Lords reject fees appeal

COMMITMENT FEES and loan interest of £¾m on money raised to build an oil rig cannot be claimed as first-year capital allowance for tax purposes, the House of Lords ruled yesterday.

By a four-to-one decision, the Law Lords dismissed an appeal by Ben-Odeco against a decision of special tax commissioners.

Giving judgment, Lord Wilberforce said that, at all material times, Ben-Odeco's only trade consisted in hiring out the rig Ocean Tide on time charter.

In order to purchase the £5m rig, the company made five loan agreements. Interest was payable on the money borrowed, and commitment fees had to be paid in order to maintain a right to draw the money.

It was not disputed that the price of the Ocean Tide was capital expenditure which qualified for the statutory capital allowance.

Methods

Ben-Odeco had argued that the interest and commitment fees were, in a real sense, part of the cost of the rig and ought to be treated in exactly the same way as the other elements of the cost.

They also said that cost and capital expenditure should be determined according to accepted methods of commercial accounting.

The interest and commitment fees had been treated as capital expenditure that was sufficient to bring them within section 41 (1)(a) of the Finance Act, 1971, whose purpose was to encourage investment.

The Revenue had contended that the loan interest and commitment fees represented money spent on providing the means to acquire the rig and not on the provision of the rig itself.

Lord Hailsham of St. Marylebone said that, even granting that the statute's main purpose was to encourage investment in new machinery and plant, he was not convinced that to include commitment fees and interest charges would serve this purpose without giving rise to abuse.

Rise in consumer demand boosts stocks for makers

BY DAVID FREUD

MANUFACTURERS' stocks rose rapidly in April and May as companies responded to increased consumer demand.

Figures in the Government journal Trade and Industry, published to-day, show that manufacturers' stocks increased by £100m in April and another £100m in May. This compares with an increase of £125m for the whole of the first quarter.

Whereas in April much of the increase could be attributed to finished goods held by manufacturers, in May this item contributed little to the rise.

Trade and Industry states that stocks of materials and fuels "appear to have risen substantially, with a more moderate rise in work in progress," in May.

The rise in materials and fuels suggests that manufacturers are responding to consumer spending, which rose 2.5 per cent in the first six months of this year, compared with the previous half-year.

Future of Vinatex worries unions

BY KEVIN DONE, CHEMICALS CORRESPONDENT

TWO OF the leading trade unions in the chemical industry are opposing the possible take-over of Continental Oil's UK chemical interests by either Norsk Hydro or DSM, the Dutch state chemicals company.

Conoco of the U.S. is selling its 50 per cent share of Vinatex, and its 10 per cent stake in Staveley Chemicals, a joint venture with the National Coal Board (45 per cent) and the British Steel Corporation (45 per cent).

National officers of the Association of Scientific, Technical and Managerial Staffs and the General and Municipal Workers Union met officials of the Department of Industry yesterday and called for any deal to be studied in the light of the Government's industrial strategy for the chemical industry.

Mr. Roger Lyons, national officer of ASTMS, said yesterday: "This is another credibility test of the industrial strategy in chemicals. How can we develop UK petrochemicals downstream with UK North Sea feedstocks if foreign feedstock suppliers take control of downstream UK operations?"

The union's chief concern is over the future ownership of Vinatex, one of the smaller PVC (polyvinyl chloride) manufacturers in the UK. It is supplied with vinyl chloride monomer, the raw material for PVC, by Imperial Chemical Industries.

But both Norsk Hydro and DSM, who have emerged as the frontrunners to buy Conoco's interests, are searching for outlets for their own VCM output.

Norsk Hydro, for instance, is bringing on stream a 300,000 tonnes a year VCM plant at Bamble in southern Norway. This plant is based on feedstocks drawn from the Ekofisk Field in the Norwegian sector of the North Sea. It has failed so far in a bid to build a PVC plant in Denmark and is looking for other outlets. Norsk Hydro is part-owned by the Norwegian state.

The trade unions called yesterday for involvement in the deal by UK state interests, either the National Enterprise Board, the British National Oil Corporation or the Coal Board. "We see this as an attractive alternative to either Dutch or Norwegian state interests," said Mr. Lyons.

Trans World will fight tickets injunction

BY LYNTON McLAIN, INDUSTRIAL STAFF

TRANS WORLD Airlines is to fight the interim injunction being sought by the British Airports Authority to stop sale of stand-by tickets at Heathrow Airport in the courts.

The airline was the only one of seven selling stand-by tickets for Heathrow flights named by the airports authority in its interim injunction "to stop conditions becoming intolerable at Terminal Three for passengers who already had tickets."

The interim injunction was applied for yesterday, but Trans World said it had not been officially informed.

British Airways and Pan Am sell most of their stand-by transatlantic tickets from Central London terminals. Iran Air, El Al and Air India sell them from town terminals and at the airport.

If there is a ban on Trans World it would be applied after further legal action against all airlines using Heathrow.

The authority was considering taking action over all flights from Gatwick. Potential passengers for Laker Airways Skytrain may not be affected, as they already assemble off the main airport concourse and at Victoria Station, although there have been protests from London commuters.

The proposed ban on sale of Trans World stand-by tickets at the airport was condemned by Mr. Larry Langley, its UK general manager.

He said that if necessary the Airways Authority should provide temporary tents for assembling stand-by passengers.

They would then be near all available flights, instead of ten miles away in town terminals, as the authority wanted.

Mr. Langley said there was nothing the airline could do to stop passengers wanting to buy tickets at Heathrow. But the airline had tried to direct as many stand-by travellers as possible to its London offices.

It was "unacceptable" to discriminate against certain types of traveller, possibly making social and age distinctions, he said. There had been no fracas at the airport, though the authority said a passenger had attacked a Trans World official, forcing the airline to close one check-in desk last week.

Heathrow was now full to capacity, Mr. John Mulkern the authority's managing director, said last night. "Something had to be done to stop the congestion getting worse before the peak next month and in September."

Congestion at Terminal Three was an "entirely new phenomenon," he said.

The airlines were warned against offering stand-by seats for sale at Heathrow last September.

By March, the rate of increase of passenger traffic through the airport had risen from the expected 5 to 6 per cent this year to 8 per cent, giving a total of 26m passengers this year.

The fastest-growing area was on the long-haul flights. There was "mounting evidence of intense demand for stand-by tickets creating the congestion, but it would be wrong to bandy this information about before the court hearing next week," Mr. Mulkern said.

Power sales are hit by steel recession

By Our Energy Correspondent

THE RECESSION in the steel industry is having a significant impact on Britain's energy consumption.

The Department of Energy's latest Energy Trends report shows that sales of electricity to the iron and steel industry dropped by 5.3 per cent in the first quarter of this year as against the first three months of last year.

The slump in steelmaking also largely accounted for a drop of 13.7 per cent in the consumption of solid fuels outside of the domestic sector.

Overall, however, there was little difference in the pattern of energy consumption. Calculated on a primary fuel input basis, total inland consumption during the March-May period was 0.3 per cent higher than in the comparable quarter last year.

While coal consumption fell by 5 per cent and nuclear electricity output dropped by 8 per cent, the output of natural gas and oil products rose by 4 and 5 per cent, respectively.

Provisional figures of energy consumption by final users in the first three months of this year indicated that total consumption on a heat supplied basis rose by 1.6 per cent compared with the first quarter of last year.

UK market buoyant for trucks and cars

By Our Industrial Staff

CARS AND commercial vehicles enjoy a fairly buoyant market in the UK, latest production statistics from the Department of Industry show.

Car production in the five weeks ending July 1 was 122,110 units (24,422 a week) and was 4 per cent higher than in June last year.

In the first six months of this year car production was 3 per cent higher than in the same period last year at 362,822 units (27,909 a week).

Output for export fell 8 per cent to 138,932 units while that for the home market rose by 11 per cent to 223,890 units.

Commercial vehicle production of 39,478 (7,896 a week) was 20 per cent higher than in June last year. Production in the first six months, 112,263 units, was 3 per cent up on the same period last year.

Output for export fell 10 per cent to 50,322 units and that for the home market rose by 16 per cent to 61,941 units.

Welsh agency puts £180,000 into A and E

THE WELSH Development Agency has put £180,000 in a shares-and-loan deal into A and E Circuits which is moving from Harrow, Middlesex, to Newtown in mid-Wales.

A and E Circuits is part of the Edinburgh Holdings group and produces sophisticated printed circuit boards for the electronics industry.

The move will mean 120 new jobs in Newtown over the next three years.

The company is taking over an advance factory which will give it better production facilities.

Mr. Ian Gray, managing director of the agency, said yesterday: "Electronics is just the sort of fast-growing science-based industry that Wales needs to provide a better basis for future prosperity."

Call for industrial building

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

MANY COMPANIES are not investing enough in industrial buildings, according to a report published yesterday by the Building and Civil Engineering Economic Development Committees.

The report also says that those involved in the construction process are often too concerned with their own individual roles vis-à-vis other participants and not sufficiently responsive to the needs of manufacturing industry.

As a result, opportunities to sell more industrial building are being missed and a customer-oriented approach—selling construction services as an essential aid to improve productivity and working conditions—could substantially increase demand.

The steering group responsible for the report carried out a survey among 500 manufacturing companies and conducted 32 case studies.

It found that most companies considered building only to increase capacity, whereas large improvements in productive efficiency and working conditions could be achieved without the stimulus of the need for new capacity.

Industrial clients should appoint a senior person in the organisation to look after their interests during the course of a building project. If there was no one on the staff, a suitably qualified person should be recruited from outside.

The inexperienced client would be helped if professional practices and builders could offer production engineering expertise.

Some companies were dissatisfied with the help given by the construction industry in developing a brief and they required an information service to put them in touch with experienced professionals and builders.

Construction for Industrial Recovery: SO; £2.

Distinctive dolls fetch £28,000

SALEROOM

BY PAMELA JUDGE

GOGGLE-EYED dolls, dolls with pierced ears, doll's house dolls, gentlemen dolls and even a swimming doll were among those that went under the hammer at Christie's South Kensington, yesterday. The £28,816 sale coincided with the visit of the Dolls Club to London this week.

A private buyer gave the highest price: £1,900 for a carved and painted wooden doll in a nun's habit of black wool with a white linen headdress. The 14½ in. high doll (circa 1710) was dressed by an English nun in France and brought to England by her brother, "the riding priest," a Jesuit from Douai named Swarbrick, to show her mother how her daughter looked in her habit.

A musical automation bust modelled as a negress with a hat made the next highest price, £1,150. One of the sweetest items in the sale was a little painted wooden milliner's shop with counters, chairs and miniature hats on stands. It fetched £400.

English furniture at Christie's fetched £73,744. Courtney paid £4,000 for a walnut bachelor's chest and an anonymous buyer gave £3,800 for a Charles II lacquered and simulated-tortoise-shell double-domed cabinet-on-stand. Rubin paid £1,800 for a mid-Georgian mahogany library armchair and £1,700 for a set of six George III mahogany dining chairs of Chinese Chippendale design. A wine sale, described by the house as good, finished at £95,565.

Jewellery at Sotheby's fetched £188,450, with nearly 7.5 per cent bought in. A diamond brooch designed as a stylised fern motif and mounted by Cartier went to Diamonds, London, at £17,000 and the Spanish dealer Zazo was successful at £5,800 for 8.33 carat diamond solitaire ring. English watercolours and drawings (1700-1920) made £31,358 at the same house.

Sotheby's Belgravia, was selling English and foreign silver and gold-plated wares and other items. The highest price of the day was £4,600, from a private buyer, for an 18-carat gold two-handed presentation cup and cover.

Bonhams held a sale of English and Continental furniture, which totalled £25,154 with 10 per cent unsold. A set of mahogany and harewood hanging wall shelves with two open shelves, a pair of cupboards and two drawers, marquetry inlaid with flower sprays made £2,000. Paintings by the same house amounted to £20,462.

HOME NEWS

Maize price rise blamed on EEC

By Elinor Goodman, Consumer Affairs Correspondent

THE PRICE COMMISSION yesterday blamed the EEC for pushing up the price of maize starch and glucose syrups, both important ingredients in processed foods.

It said in a report on the largest British producers of maize-based products. CPC (United Kingdom), that the company could cut its prices by perhaps 20 per cent if it was able to buy maize on the world market rather than from the EEC.

Given the restraints imposed by the Common Agricultural Policy on CPC's buying, the Commission said it was satisfied the company was an efficient buyer of maize.

It did not recommend any restriction on the 7.34 per cent increase which triggered the investigation three months ago.

It did, however, make certain "observations" about CPC's activities. They were all related to issues which the Commission has raised before in relation to other companies: the practice of using the profits of one division to subsidise those of another; and the system of uniform delivered prices.

The Commission asked if CPC's industrial division, which dominates the maize market, was not contributing a disproportionate share of the company's profits.

Structure

It also said that the absence of published price lists could weaken the bargaining position of customers and suggested that the company should move away from uniform delivered prices and develop a price structure which reflected the costs of delivering maize to different customers.

Maize represents more than 80 per cent of the manufactured cost of CPC's industrial division. The Commission found the price of CPC paid was almost entirely determined by EEC policy.

It drew attention to the wide discrepancy which had arisen between the average world maize price of about 75 units of account per tonne and the present UK price of 139 units of account.

The EEC price is due to go up again in August and though the Price Commission refrained publicly from taking the side of those who have attacked this proposed increase, it pointed to the fact that one objective of the EEC's agricultural policy was to provide food at reasonable prices to the consumer.

Were CPC able to buy maize at world prices, there would be a substantial reduction in the price of maize starch, glucose syrups and other maize derived products.

British Airways profit falls £16.9m to £18m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE BRITISH AIRWAYS group earned a net profit of £18m in the financial year ending March 31, substantially lower than the £34.9m for the previous year.

The airline, announcing the figures yesterday in its annual report and accounts, said that the results had been affected by industrial disputes, particularly at Heathrow, the air traffic control assistants' dispute, and wing cracks in Trident Three aircraft.

Other factors bearing on performance included fluctuating exchange rates, political and economic difficulties in parts of Africa, and the costs of avoiding Vietnam airspace.

The operating surplus, or trading profit, amounted to £53.6m., against £94.2m in the previous year, although turnover rose from £1,248m to £1,355m.

Sir Frank McFadzean, chairman, said yesterday that the results showed a surplus of only 4 per cent of revenue over expenses. "Even after making allowance for the loss of £17m on Concorde, the margin is uncomfortably small, and it mainly resulted fro mcertain well publicised external and internal factors.

"No dividend on the public dividend capital has been declared for the year, pending completion of discussions on the future treatment of this form of finance in the British Airways capital structure."

A tax adjustment of £15m, over-provided in previous years, raised the attributable profit for the group to £33m, but that was exceptional.

Commenting on the airline's industrial disputes, Sir Frank said the engineering strike in April last year caused a loss of 49,000 man-days out of a total lost during the year of 59,000. Among points raised were:

Re-equipment: The airline expects to spend £950m over 10 years on new jet airliners, replacing some 80 aircraft that will fail the January 1, 1986, government noise regulations: another 25 aircraft (Viscounts and Merchantmen) will be obsolete before 1986.

The aim is to use Lockheed TriStar Ones for high-density short-haul routes; to buy Boeing 737s (19 are on order) for short routes needing a 100-130 seat jet; and to buy a new jet in the 160-200-seater bracket.

Up to 40 jets will be needed in the latter category, and the airline is studying the Boeing 757 short-haul jet, the McDonnell Douglas Advanced Technology Medium Range jet; and the Airbus Industrie B-10.

All other aircraft in that broad 160-200 seater category, including the TriStar Dash 400, the Boeing 767 medium-range type and the McDonnell Douglas DC-X-200, were ruled out for various reasons.

Although British Airways does not admit it publicly, its preferred option is believed to be the Boeing 757, using the Rolls-Royce RB-211 in its new Dash 535 version, delivering 33,000 lb thrust.

Concorde: The operating loss on Concordes last year was £17m, of which £15m was for depreciation (at the rate of £15m a year for 10 years to cover the £150m purchase price of five aircraft), and a £2m direct loss on traffic.

British Airways is discussing with the Trade Secretary the future method of writing off Concorde losses in its accounts. Some new form of Concorde leasing might be agreed between the airline and the Government.

Industrial relations: A prerequisite for the airline's survival in a growing competitive market is greater stability.

Efforts are being made to improve staff communication, and progress has been made in rationalising the complex and unwieldy pay structure. However, Sir Frank said that there were still many obstacles to be overcome before British Airways could become a high-productivity, high-pay airline.

Airport capacity: Heathrow is close to saturation, but moving part of the airline elsewhere, such as to Gatwick, "would have adverse effects on both revenue and costs. British Airways is concerned that the situation may well be exacerbated by the delays in determining the case of additional terminal resources" —such as the fourth passenger terminal at Heathrow.

Traffic: The airline carried 13.4m passengers, a decline of 8 per cent, because of industrial relations and equipment difficulties. Cargo revenue was up from £138m to £148m. British Airtours, the charter subsidiary, saw turnover rise from £28m to £33m. The 26-strong BA Helicopters fleet earned pre-tax profits of £3m.

Cheap fares: The airline is very interested in three-tier North Atlantic fares, with first-class, business class and discount (ultra-cheap) class, as soon as the proposed reorganisation of the International Air Transport Association's rules is complete.

Sir Frank McFadzean
"Uncomfortably small margin"

Scotland's boom 'hides big structural problems'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH economy is experiencing a consumer-led boom which is masking deep-seated structural problems that remain unchanged, the Fraser of Allander Institute says in its quarterly commentary, out yesterday.

The institute, part of Strathclyde University, says that it is clear that Scotland is expanding alongside the rest of the UK.

Responses to the latest Confederation of British Industry (CBI) survey of industrialists, the number of new companies being formed ,and the amount of overtime being worked all suggest that some expansion has taken place and may be expected to continue for the rest of the year.

"However beneficial this boom may be in restoring living standards, it is clear that no substantial advances have been made recently in tackling the fundamental problems of the Scottish and UK economies.

Inflation

"Levels of productivity and investment are too low and export performance is mediocre. The benefits from North Sea oil, which could perhaps have been used to remedy these problems, have largely been dissipated in the financing of consumer spending before any coherent government policy on their usage has been formulated."

That, and the likelihood of a return to inflation in double figures early next year, suggest that the boom might fade quickly. Unemployment will begin to rise again after the winter.

The commentary also gives a warning against the adoption of a shorter working week as a means of reducing unemployment By increasing unit costs and, therefore, demand, it would lead to an increase in unemployment.

Quarterly economic commentary Volume IV No. 1, Fraser of Allander Institute, 100 Montrose Street, Glasgow G4 0LZ. Price £1.00.

Tourism creates 100,000 jobs

BY OUR SCOTTISH CORRESPONDENT

TOURISM has redistributed wealth from the richer to the less prosperous parts of Britain, according to the Scottish Tourist Board's ninth annual report.

The board said that the industry had created 100,000 jobs in Scotland. Visitors to Scotland last year increased their spending by more than 30 per cent to £500m.

Of this, about £350m was spent by visitors from other parts of the UK. Although they spend less per head than overseas tourists, UK visitors are still the most important part of the Scottish tourist industry.

The board expects an increase in visitors from abroad in the future and wants the Government and the British Tourist Authority to encourage tour operators to fly direct to Scottish airports.

Mr. Robin MacLellan, chairman, said that as a contributor to national prosperity, tourism ranked alongside traditional industries such as agriculture, mining, fishing, and forestry.

"It is even more important in its potential for growth. When a shrinking labour force is a fact of life in our traditional industries, tourism is an important provider of new jobs.

"Its potential compares very favourably with that of manufacturing industry.

"It can work quickly in stabilising local economies and its range of jobs—for men and women, full and part time, skilled and unskilled—is particularly useful in meeting the needs of individual areas."

The report stresses the need for continuing investment but also says that the annual average bed occupancy in Scottish hotels and guest houses is only 43 per cent, which means that this fixed capital investment is almost 60 per cent underused.

Post Office Viewdata in New Year

Financial Times Reporter

THE POST OFFICE'S Viewdata service goes into full public commercial operation in the first quarter of next year.

Two British television setmakers, Thorn and Rediffusion, have met Post Office safety and technical standards for televisions equipped for Prestel, as the new service will be called.

The Post Office said yesterday: "Producing the world's first electronic equipment to make this possible has proved a tougher design problem than had been expected.

"Now two manufacturers have solved it, and other British TV firms taking part in Prestel will soon produce their own sets complying with Post Office requirements for direct connection.

"Altogether, eight British firms are planning to offer 11 different Prestel TV models."

Minister takes trip to study small companies' problems

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

MR. HAROLD WALKER, Minister of State, Employment, is to visit Birmingham on Monday to find out at first hand whether the Employment Protection Act is causing problems for small companies.

Mr. Walker's visit marks a success for the Birmingham Chamber of Commerce, which is leading the campaign against the legislation.

A survey of local companies by the Chamber showed that 934 jobs had not been filled or created as a direct result of the Employment Protection Act and of the unfair dismissal and redundancy procedures.

Mr. Walker has responded to a deputation from the chamber which invited him to see for himself the impact legislation is having on employment.

He will visit two small companies, regarded as typical, and hold further talks with the chamber.

The chamber, which says that legislation favours people with jobs at the expense of those without, has urged a number of changes, including provision for industrial tribunals to have discretionary power to award costs against people who pursue trivial or vexatious claims.

It also says that companies should be given the chance to recoup some of their costs from a central fund.

The chamber recommends that an employee should qualify for full protection of the legislation only after serving at least a year instead of the present six months.

Mr. Walker will also hold talks with the TUC's Midlands Regional Committee.

Housing loans 'not causing inflation'

By Michael Cassell, Building Correspondent

BUILDING SOCIETY lending is not a main factor in determining the rate of house-price inflation, the Bristol and West Building Society claimed yesterday.

Building Societies have been criticised regularly for provoking periods of rapid house-price rises by increasing lending.

Mortgage advances for most of this year have been artificially restricted because the Government was concerned about house price inflation.

But the Bristol and West says that there is no obvious correlation between building society lending and prices and claims that in 1973, when house prices rose on average by 35 per cent, building society advances actually fell by 3 per cent.

When advances rose by more than 36 per cent in 1971, however, average house prices rose by only 13 per cent. In 1975, building society lending rose by 68 per cent over the previous year, but average prices increased by a comparatively modest 7.6 per cent.

Crucial

Mr. John Hutton, an assistant general manager with the Bristol and West, said: "House prices are a sensitive political issue and the facts have become somewhat obscured in the run-up to a probable autumn general election.

"The crucial factors actually determining the level of house prices appear to be changes in personal disposable incomes and in the rate of inflation, which determines how much the average borrower can afford to pay for a house."

The society believed that, although it might have a short-term psychological effect on the market, a policy of restricting mortgage lending was an ineffective measure to limit the rise in house prices.

"We hope these figures will finally convince the public that there really is no connection between building society lending and increases in house prices.

"A dangerous myth has grown up about this issue, a myth sometimes found convenient as a prop for policy decisions.

"In the light of our figures it is inconceivable that anyone can blame an expansion of mortgage lending for the 1972-73 house price explosion or indeed seriously maintain that imposed limitations on lending can be an effective check to price rises.

"The building society is the medium by which housing finance is arranged, not the cause of changes in house prices."

Committee attacks Government

BY DAVID CHURCHILL

THE GOVERNMENT was accused yesterday of not taking seriously a report by the Commons Expenditure Committee on the workings of the Civil Service.

The committee says in a response to the Government's Civil Service White Paper that the committee's recommendations received an "inadequate response" from the Government. "We feel that some of our most important proposals on the management of departments have not been taken seriously."

It also claims that the lack of attention given to its report by the Government is shown in inaccuracies and misquoted comments in the White Paper. "It is inefficient for a document on so important a subject to be inaccurate in such an avoidable way," said Mr. Michael English, Labour MP for Nottingham West and chairman of the committee yesterday.

"It sometimes replies to points the committee did not make which, if intentional, is cheap or, if unintentional, is inefficient." he added. "It fails altogether to reply to some points the committee did make —which is either inefficient or ignoble."

Mr. English said that the White Paper was responsive to the committee's original report insofar as it accepted their recommendations on pay and pensions almost completely.

"We welcome this acceptance but are bound to notice the contrast between the alacrity with which our recommendations on pay were accepted and the treatment of less palatable recommendations, such as the one designed to prevent the corruption of civil servants by controlling the offer of outside jobs to them."

During the committee's hearings, it was alleged by Mr. Nicholas Ridley, the Conservative MP, that when he was a Minister, a civil servant gave him biased advice in the hope of a job in private industry.

"What is particularly worrying about it, is that a civil servant had been promised a job after retirement in exchange for which he gave me biased advice while in post, thinking he would be certain to be able to collect his reward later on," Mr. Ridley claimed.

The Government has decided against any tightening of the law in this area. Lord Peart, Lord Privy Seal and Minister responsible for the Civil Service, said in a letter to committee members: "There would undoubtedly be difficulties in devising an effective legal sanction."

On the White Paper in general, Mr. English said that the committee had hoped "that the Government and the Civil Service would wish to use their reply to set an example of efficiency to the country as a whole."

Unfortunately, he believed that the opportunity had been missed and that "bumble on as before is the clarion call."

Powerpoint system delayed

FINANCIAL TIMES REPORTER

PROPOSALS FOR an international standard system of electric plugs and sockets have been postponed after being rejected by eight of the 42 countries in the International Electrotechnical Commission (IEC).

Efforts to devise an acceptable design will continue, and the European Commision has decided not to issue a directive for a unified system within the EEC.

Introduction in Britain of the international plug and socket—to be known as the "IEC unified system"—would have meant gradual replacement of the present 13 amp socket and fused plug, designed for ring mains, in favour of an unfused plug for use in radial circuits.

The new plugs could be fitted to ring mains through fused adaptors.

The original proposal met considerable opposition from British consumer organisations when details were circulated for public comment last year. Nevertheless, the UK supported it at the IEC talks, mainly to avoid an alternative based on a widely used German standard, which the British Standards Institution (BSI) considers dangerous.

The system was opposed by seven European countries, including Italy and Holland, and by Canada.

The BSI said yesterday that the IEC technical committee responsible for preparing a new design would not consider its introduction in individual countries.

Its main aim would be to produce an acceptable plug and socket and it would then be up to the countries concerned to decide whether and how it might be introduced and over what period.

LABOUR NEWS

The pay battle behind the blacked submarine

BY PHILIP BASSETT, LABOUR STAFF

TODAY general secretaries from 11 unions representing 183,000 industrial civil servants will meet Lord Peart, Lord Privy Seal, in an attempt to break the deadlock in a dispute which has led this week to the Navy going in to free a Polaris submarine from blacking and a call for a one-day stoppage by all Britain's defence workers.

The dispute, over a Phase Three pay claim, was stepped up by a meeting of the unions involved which called on all industrial civil servants to take industrial action which would "provide the maximum amount of inconvenience and embarrassment to management."

In the dying days of its 10 per cent incomes policy, when the thoughts of both the Government and the TUC are all but completely turned to Phase Four, the Government could well have done without a fight over its 10 per cent limit from an undramatic group of public sector workers not noted for militancy.

Feelings among the industrial civil servants are high, though —high enough not just to challenge Phase Three, but to take on the Government directly in the sensitive area of defence and in particular Britain's nuclear capability.

Their pay claim was submitted by the joint consultative committee of all the unions involved — led by the Transport and General Workers' Union, which has 90,000 members in these grades — in March, for the July 1 settlement date.

New jobs

The claim called for a "substantial" increase in pay; consolidation of pay increases under the first two stages of pay policy into basic rates; increasing a £2 efficiency bonus to £5; improvements in shift allowances and overtime payments; four weeks' annual leave, paid at time and a-third; and a commitment on pay comparisons with private industry.

The claim also called for a reduction in the working week from the 1977 figure of an average 45.4 hours, and diversification in defence establishments which would stop redundancies and create new jobs.

The basic grievance is low pay. Some 23,460 workers are on the lowestband of pay on a basic rate of £32.50.

On the next band, there are 23,297 workers at a basic rate of £33.65 and on the next band 20,020 on £34.80, more than 36 per cent of the total workers in the whole group.

Even with pay policy supplements of £8.50 and £2.00, a single man with no overtime payments on the lowest band gets £43.00 gross, £31.86 net.

The Government's first pay offer, which the unions rejected as "derisory," emphasised the restoration of craft differentials, giving greater increases to higher-paid workers, and included consolidation of pay policy supplements into basic rates.

NEWS ANALYSIS

INDUSTRIAL CIVIL SERVANTS

The second offer, which the unions also rejected, would have provided an overall net increase of £1.10, with an increase of £4.10 for the lowest-paid, giving a new basic rate of £36.60.

With supplements, the gross for the lowest-paid would have been £47.60, giving a net pay of £35.27.

Though the Government offered comparisons with private industry, it would be subject to any pay policy then in force. No commitment was offered on the holiday claim.

Negotiations with the Civil Service Department took place against a background of demonstrations in Whitehall by dockyard workers from Portsmouth, and steadily-building industrial action across the country, including working-to-rule, overtime bans and selected stoppages.

The unions are adamant for their claim to be treated in the same way as the police, firemen, university teachers and top-salaried people dealt with by the Boyle report. They want a forward commitment from the Government on their pay for the future.

The dispute was brought to public attention by a day of action in London, including strikes by Government car drivers—even the Prime Minister had to be driven to the Commons by an aide—and staff from Whitehall Ministries, the British Museum, the House of Commons and Buckingham Palace.

The masterstroke in terms of publicity for the industrial civil servants' claim, though, was the blacking of three Polaris submarines in their Scottish bases: the Revenge on the Clyde, and the Repulse and Renown at Rosyth.

The Navy moved in to make theRevenge ready to take the place of HMS Resolution, still at sea, to maintain Britain's nuclear presence and her NATO commitment.

Decision

The industrial workers replied with a call for a one-day strike and the blacking of supplies from other Naval dockyards to the Clyde.

Though a neglected group of workers not only as they claim in terms of their pay but also in terms of their industrial muscle, the industrial civil servants have the ability to cause widespread industrial and military disruption.

Mr. Mick Martin, public services national secretary of the TGWU, is fully aware of the power and the responsibility the industrial civil servants hold.

He said yesterday: "There is not one point of the claim which is frivolous or greedy for this group of workers."

The Government has committed itself in its White Paper on Phase Four to special help within the pay policy for low-paid workers.

But unless Lord Peart can suggest some initiative for new talks on the industrial civil servants' problems of comparability with the private sector, the first fight the Government will be facing under Phase Four will be over a Phase Three claim.

Transport union to back Labour

BY OUR LABOUR EDITOR

THE DETERMINATION of the unions to bury their differences with the Government over the Stage Four incomes policy in the run-up to a General Election was shown by Britain's biggest union yesterday.

Mr. Moss Evans, general secretary of the Transport and General Workers' Union, promised the Government maximum financial and canvassing support, and suggested that the Conservatives' record belied their pledge to restore free collective bargaining.

The Conservatives had talked of free collective bargaining and no interference with the unions in 1971, but had brought in a statutory incomes policy and the Industrial Relations Act.

"We cannot erase completely the memory of a very anti-trade union political party," he said.

Mr. Evans, whose union is one of those most firmly opposed to Labour's counter-inflation strategy, was speaking one day after an unexpectedly vigorous rebuttal of the 5 per cent limit by the TUC general council.

"Despite our differences with the Government on the 5 per cent, the stark choice before us is who do we support.

"My view is that our members will still support a Labour Government."

A substantial part of the union's political fund, standing at over £400,000, would be contributed to Labour's campaign.

Mr. Evans said that the union's 500 full-time officials and lay executive would be convened to urge the 2m membership to go out and canvass, after the announcement of the election date. Special attention would be paid to marginal seats.

Mr. Evans is one of seven union general secretaries from the biggest Labour Party affiliates on a "trade union committee for a Labour victory." set up on Wednesday after the general council meeting.

The unions are also raising funds to enable the Labour Party to move out of the Transport and General headquarters, Transport House, and construct its own headquarters in Walworth Road, off the Elephant and Castle in South London.

Headed by Mr. David Basnett, TUC chairman and general secretary of the General and Municipal Workers' Union, the committee includes Mr. John Boyd of the Engineers, Mr. Sid Weighell of the National Union of Railwaymen, Mr. Ray Buckton of the train drivers' union ASLEF, Mr. Clive Jenkins of the white-collar union ASTMS, and Mr. Alan Fisher of the Public Employees' union.

Scots Rolls men win 11% award

By Our Glasgow Correspondent

THE 5,000 Scottish employees of Rolls-Royce have been awarded an 11 per cent fair wages pay rise by the Central Arbitration Committee.

The award, backdated to April 6, comes on top of an agreed phase three rise of 10 per cent and subsequent productivity deal. It means that most of the men will have a rise of nearly 25 per cent this year.

For skilled men the basic rate rises from £70.61 to £78.38, and for unskilled grades from £55.71 to £61.84.

Rolls-Royce in Scotland has long had difficulties in recruiting skilled machinists and fitters to its aircraft engine factories at Hillington and East Kilbride because of low wages compared with those in other West of Scotland industries arising out of Government pay restrictions.

The company hopes the award will help it to compete for skilled labour.

Another Central Arbitration Committee award was announced yesterday by the Engineers' and Managers' Association, which has won a 17.5 per cent rise for more than 60 managers at Leith and Dundee yards of British Shipbuilders' subsidiary Robb Caledon.

Back-dated to March 1, the award will mean lump sums of between £300 to £400 for the managers.

Mr. John Lyons, the association's general secretary, said it was the fourth fair wages award to its members in the Shipbuilding and Associated Industries Management Association. The other awards have been at Yarrow, Cammell Laird and Smiths Dock.

Industrial democracy call renewed

BY ALAN PIKE, LABOUR CORRESPONDENT

THE TRANSPORT and General Workers Union yesterday renewed their demands for law to give workers equal representation with shareholders on the boards of all leading British companies.

The union, Britain's largest, also stresses in a policy statement on industrial democracy that representation must be "firmly based" on company trade union structures.

Pending legislation, there should be some initiatives from the Government — "the speedy implementation of planning agreements, a Bill to make companies discuss corporate policy with the unions and action in the whole of the public sector.

"This, coupled with decisive action by our members, our shop stewards and staff representatives and our officers in pushing forward trade union organisation can mark a big step forward."

The document keeps TGWU policy on industrial democracy on the same path as the one which developed under the leadership of Mr. Jack Jones, who served on the Bullock Committee.

Mr. Moss Evans, the present general secretary, says in a foreword that in many ways the existence of the trade union movement was an affirmation of the need for industrial democracy.

All union members, he says, will have to demonstrate their desire to "win the vote" for working people in factories and offices, but with a united and determined effort this could succeed.

Ferry services disrupted

BRITISH RAIL ferry services to Ireland were disrupted yesterday because of a strike over a productivity claim by members of the Irish Transport and General Workers' Union.

Sailings from Fishguard were cancelled and services from Holyhead carried passengers only.

A separate dispute—over a pay claim—is threatened today by ferrymen on the Kyle of Lochalsh-Isle of Skye service in Scotland.

The Port of Liverpool was back to normal working for the first time in a week yesterday

Microelectronics study group set up

THE DEPARTMENT of Employment has established a special group within its unit for manpower studies to take charge of studies into the social effects of microelectronic technology.

This follows the Prime Minister's announcement of June 19 that the Central Policy Review Staff (CPRS) were to take a lead in the Government's study of the social and economic implications of microelectronics. The CPRS will be able to call upon the special study group to advise it on manpower aspects.

The group will provide a service to branches of the Department of Employment and the Manpower Services Commission, and will work closely with the Department of Industry.

Headed by Mr. Jonathan Sleigh, an Assistant Secretary, the study group will be concerned with all potential manpower effects of microelectronic technology over the next five to ten years which can currently be foreseen.

These include: the creation of new employment opportunities; the potential cost to employment of failure to keep abreast of international competition; possible displacement of traditional skills and job loss arising from changes in products and manufacturing processes; and training and retraining requirements which may be necessary.

PARLIAMENT AND POLITICS

Dividend control harsher on poor, Tapsell claims

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CONTINUATION of dividend control wil perpetuate the *impoverishment of Britain* and hit the poorer sections of the community and the pension funds rather than the wealthy, Mr. Peter Tapsell, a Tory Treasury spokesman, told the Commons last night.

"It really is carrying ignorance and prejudice to the length of *cruelty to continue* to mouth the old-time slogans of the Left about shareholders and dividends." he declared.

Mr. Tapsell was speaking during the second reading debate on the Government's controversial dividends Bill which seeks to extend the statutory 10 per cent controls *for a further year* until the end of July, 1979.

Butfi for the Government, Mr. Joel Barnett, Chief Secretary to the Treasury, insisted that the *legislation* was an essential part of the fight against inflation.

He argued that were all restraints to be litfed on dividends, *it would become impossible to* convince wage earners of the need to moderate their own claims.

The Tory policy of lifting controls would lead to "high inflation and high confrontation" and this, in turn, would have disastrous consequences *for* employment.

"To fight the worst distortions of inflation, we need to have an overall policy for all forms of income, and that includes *dividends," he went on.*

"If dividend controls distort, inflation distorts even more. It distorts all forms of income, not just dividends. Inflation has a much worse effect. That is why it is crucial to continue with an even-handed policy."

Mr. Barnett said that the Government was asking people on £50 a week to observe restraint, and, in these circumstances, it would not be fair to lift sanctions on the person who received £500 a week through investment income.

"Some companies stand ready to increase their dividends by as much as 300 per cent" he declared. "When we are asking people in this country to be restrained, provocative increases in dividends are, to say the least, not helpful."

There were, he said, 11,000 taxpayers with incomes of £20,000 a year or more who received an average rpe-tax of £11,884 a year, from dividends. *This brought Opposition demands* for him to say how much they would get after paying the high rates of income tax. But the Chief Secretary declined the *challenge.*

He did not dispute that the limits would have some effect on *pension funds but maintained* that, in the present circumstances, control of inflation had to have priority.

At the end of 1975, life assurance and pension funds accounted for 32.7 per cent of dividend payments while half went to individual shareholders. This showed that although pension funds were affected, it was *equally true that many* thousands of people also benefited from large investment income.

He also conceded that the controls would have a marginal effect on the cost of raising capital. But evidence that this would result in serious difficulty was very far from clear. There were many factors that influenced the ability of companies to raise capital and one of the most important was the level of inflationary expectations.

"If we have totally unrestrained dividend limits and totally unrestrained limits on prices and pay, I wonder what that would do for raising capital on the market."

No company which had been able to show that it needed to raise substantial amounts of money on the market had been refused Treasury consent to increase dividends.

Mr. Barnett also emphasised that under the new rules, companies which are persistently successful and have growth above 10 per cent, would be able to increase dividends in line with profits.

But, *in a strong note of* caution, he added: "I recognise that there will be some companies disappointed about the way it will work. Obviously, *some companies will want to* increase dividends and will not *be able to do so."*

From the Opposition front bench, Mr. Tapsell was scathingly critical of the effect which the Bill would have on pension funds, particularly that of the miners.

He said that there were 48,000 national Coal Board staff pensioners and 243,000 mineworker pensioners. There were 62,000 NCB staff contributors and 250,000 *mineworker contributors:* in all, 600,000 people.

In April 1977, the book value of the U.K. equities owned by the Mineworkers Funds was £500m. The Bill would reduce the income accruing to this fund and reduce the capital value of its existing investments.

"Why is that seen to be particularly good Socialism?" he demanded.

The miners, he added, had seen the Government coming and had taken the precaution of investing £280m in property where the money would not be affected by dividend controls.

No doubt, said the Tory spokesman, they would follow *the example of the British Rail* pension fund and invest £550,000 in 12th century candlesticks or pay £65,000 for a Louis XV commode.

"*Why is it good Socialism* to bring forward a Bill which diverts funds and capital away from the provision of new jobs in industry and towards speculation *in property and chamberpots?"* he asked.

Mr. Tapsell argued that another effect would be to penalise the dynamic growth companies and favour the less successful ones. It was unprecedented to have statutory control of dividends and only voluntary restraint on wages.

He thought that in a perfunctory speech, Mr. Barnett had only advanced political and psychological reasons for continuing controls.

Dividends paid to individuals accounted for less than 2 per cent of personal incomes. It was unfair to compare them with wages. Only one third of shares today were privately owned while two-thirds were owned by institutions, mostly pension funds and life assurance companies. Progressive tax at a rate of 89 per cent, plus capital gains tax, effectively limited income from dividends.

Mr. Tapsell pointed out that a million workers were already members of occupational pension schemes, and there were 2.5m retirement pensioners. In addition, 14m householders were paying life assurance premiums. This meant that 17 out of 20 families indirectly had some part of their savings invested in company securities.

Chancellor cautious on Bremen proposals

By Ivor Owen, Parliamentary Staff

ANY SCHEME for a zone of currency stability flowing from the proposals discussed at Bremen must be devised in a way which avoids a deflationary impact on the EEC, Mr. Denis Healey, Chancellor of the Exchequer, told the Commons yesterday.

He assured the House that the Government was taking a constructive part in the work to formulate a practical European monetary system, but made it clear that Britain was continuing to adopt a cautious approach.

Under questioning from both sides of the House, Mr. Healey stated that the benefits to be obtained from greater currency stability were dependent entirely upon the nature and terms of the scheme adopted.

Britain's strongly-held view, and one shared by the United States as well as by other EEC *Governments,* was that any scheme which had a deflationary impact on the Community would be very damaging.

On the other hand, any scheme which relaxed constraints on growth must have a benign effect on the economies of the Western world.

The Chancellor missed no opportunity to reaffirm that the work on devising a practical *European monetary system* should be accompanied by proposals to achieve a positive reform of the EEC's Common Agricultural Policy.

He won support from both sides of the House in calling for the "transformation" of the CAP into a system which produced a much more rational distribution of benefits and costs.

Mr. Healey stated that the work programme for developing the Bremen proposals agreed at the EEC Finance Council on Monday envisaged that the bodies concerned, including the Committee of Governors of the Central Banks, should report back to the Council for its meeting on September 18.

● During Prime Minister's question time, Mr. Callaghan refused to agree with Mr. Eric Heffer (Lab., Walton) that, without fundamental changes in the CAP, Britain would have to consider withdrawing from the EEC.

He maintained that the CAP was yielding to pressure generated by the inevitable results which flowed from the fact that far too many resources were being devoted to unproductive agriculture in Europe.

"That pressure will be sustained and eventually transform the CAP into one which will be supportable," Mr. Callaghan said.

Healey confident on TUC attitude to pay guidelines

BY IVOR OWEN, PARLIAMENTARY STAFF

LEFT WING Labour MPs took up the TUC's opposition to the Government's adoption of a 5 per cent guideline for pay settlements in the coming 12 months in the Commons yesterday but made little impact on Mr. Denis Healey, Chancellor of the Exchequer.

While Tory MPs gloated over the disarray in the Labour ranks, Mr. Healey claimed that the Government's disagreement with the TUC was confined solely to methods. "On the question of keeping inflation in single figures, we are in agreement," he insisted.

Mr. Dennis Skinner (Lab., Bolsover) maintained that the TUC's rejection of the 5 per cent guidelines was exactly in line with the stand taken by himself and some five or six other Labour backbenchers when they abstained in the vote on the Government's White Paper "Winning the Battle against Inflation" on Tuesday night.

ADVERSE PRESS criticism of the speech made by Mrs. Margaret Thatcher, the Conservative leader, in the big economic debate in the Commons on Tuesday, was gleefully quoted by Labour MPs during Prime Minister's questions yesterday.

Mr. Callaghan commented: "We all have off days at times."

Mr. Healey replied that the decision taken by the TUC on Wednesday repeated the opposition expressed 12 months earlier to the setting of a numerical guideline by the Government.

"But I *am confident that* TUC members will adhere to the guideline set down at least to the degree that they have over the past 12 months," he declared.

The Chancellor told Mr. Doug Hoyle (Lab. Nelson and Colne), who said that the TUC was against the 5 per cent guideline because it wanted a return to free collective bargaining, that this was not the time to change policies which had contributed to the fall in inflation.

Sir Geoffrey Howe, shadow Chancellor, asserted that the policies previously agreed between the TUC and the Labour Party over the last four years had resulted in the lowering of the living standards of British trade unionists in contrast to what had happened in other Western countries.

He thought it surprising and extremely foolish of the TUC *to agree to an even stronger* dose of the mixture as before which could only prove more disastrous.

Mr. Healey *retorted* that the Conservative leadership should decide where it stood on incomes policy. While, 12 months ago, Sir Geoffrey had described the Government's pay policy as "an onslaught on the British people's standard of living," he had seemed to indicate a change of mind when he spoke in the economic debate earlier in the week.

"I don't think you will advance your party's electoral posture by accusing the TUC *leadership of being foolish,"* he said.

The Chancellor also told the House that he was satisfied that Britain's economy was still "broadly on the course charted in the economic forecasts published at the time of the Budget."

Recent figures suggested that *on most indicators of economic* performance, Britain was doing at least as well as, and often better than, predicted in the forecasts.

Tory seeks disclosure of auditors' holdings

By Philip Rawstorne

A PRIVATE *Member's* Bill to provide for the disclosure of auditors' shareholdings in companies which they are auditing was introduced in the Commons yesterday.

Mr. Terence Higgins, Conservative MP for Worthing, the Bill's sponsor, said that the move had been made to stimulate public discussion of the issue.

The Bill has little chance of being debated before the end of the session.

Mr. Higgins said: "The various proposals put forward by the Government for company law reform fail to deal with the question of auditors' shareholdings.

"*In general,* I am in favour of self-regulation, and I hope that the exposure drafts of ethical rules on professional independence for auditors, put forward by the various accountancy bodies, will be approved and made effective.

"Nonetheless, it seems clear that legislation is necessary to ensure that auditors' shareholdings are disclosed."

Trade figures study by Dell

MR. EDMUND DELL, trad[e] secretary, is considering whethe[r] action is needed to prevent leak[s] over trade figures.

This was disclosed in a writte[n] reply to a Commons questio[n] from Mr. Robert Cant (Lab Stock Cent), who had asked [if] *the Government would invest[i]*gate leaks in the estimates [of] trade figures in recent month[s] especially in view of the fa[ct] that such prior information wa[s] price-sensitive in respect [of] Government stocks.

Mr. Dell told him: "I a[m] considering what action may [be] necessary."

MPs criticise EEC's handling of relations with Third World

BY REGINALD DALE, EUROPEAN EDITOR

SERIOUS CRITICISMS of the EEC's handling of its relations with developing countries are *made in a Commons* Select Committee report published yesterday.

The report, on the renegotiation of the Lome Convention linking the Community with 54 African, Caribbean and Pacific countries (ACP), calls for much greater generosity by the Nine *in future.*

The Select Committee on Overseas Development charges the Community with putting informal pressures on ACP countries not to embark on the export of products that might "cause difficulties" in Europe, in breach of the spirit of the convention.

The Nine have also insisted on rules of origin under the convention to promote the interests of European multinationals in the Third World against those of the U.S. and Japan and have failed to adopt adequate industrial adjustment policies, the committee says.

"*The ACP States are entitled* to expect, if the spirit of the present convention is to be realised, that there will be increasing cooperation in the *redeployment to developing* countries of activities in which the developing countries have a comparative advantage."

There is evidence, the committee says, that on some issues, a number of ACP countries feel they have been treated highhandedly by the Community. Many ACP States feel that their views have been listened to unsympathetically by the EEC on issues as diverse as sugar, beef, rum, the rules of origin *and the rate of aid disbursements.*

Too often, the committee says, the Community has argued fiercely over minor points with the ACP countries. To have yielded gracefully would not only have cost very little but would also have greatly improved the political atmosphere.

The reality was that "without the expanding markets of the developing world, the industrialised West cannot hope to *break out of recession."*

For developing countries, the report adds, access to the markets of the Western world for primary products, and *increasingly for manufactured* goods, provides the opportunity to earn the foreign exchange with which to buy the products of the developed world."

In the committee's view, there is a long way to go to achieve the aim of ensuring that more EEC aid reaches the poorest *people.*

"As so often happens, larger, very poor, countries seem to do less well than smaller, not so *poor,* countries, while to be a small, very poor, ex-French colony appears to be a formula for considerable success in extracting resources from the *European Development Fund."*

The report points out that in 1975-76, twice as much aid appeared to have been devoted *to plantation agriculture as to* peasant agriculture. There still seemed to be a heavy emphasis on capital-intensive, urban-based industrial and energy projects.

Resources devoted to the European Development Fund should be considerably increased "as part of a total *strategy of increasing aid sub*stantially to the whole developing world," the report urges.

The committee would also like to see the creation of a "second window" of the European Investment Bank, "which would make available a higher level of expertise, especially in the monitor*ing of the technology* that is transferred to the ACP States."

The committee rejects sugges*tions* that a human rights protocol should be included in the *new convention* as "wrong if not impossible" — with the added danger that the emotive subject of South Africa would be drawn into the negotiations and might *well imperil their outcome.*

But the MPs accept that a safeguard clause could be inserted into the new convention providing for its partial denunciation in the event of sustained and flagrant disregard for human rights.

Second Report from the Select Committee on Overseas Development, Session 1977-78, the Renegotiation of the Lome Convention, HMSO £1.35.

Bill 'has not been mangled' –Tories

THE CONTROVERSIAL Bill setting up a Scottish Assembly ended its stormy, ping-pong passage in the Lords yesterday. It now awaits Royal Assent.

When the Bill came before the Lords for the third time, Tory *spokesman, Lord Campbell of* Croy, rejected criticisms that the Lords had "mangled" the Bill.

Eleven of the Lords changes to the Scotland Bill which had been opposed by the Government had since been accepted by MPs in the Commons and were now in the Bill, he said.

Lord Campbell said: "We provided the Commons with opportunities to discuss subjects, particularly those which have not been discussed as a result of the *guillotine. We also enabled them* to have second thoughts.

"Any statement that the Lords have wrecked or mangled this Bill is no longer in the category of a simple mistake but would be a thoroughly misleading and inexcusable mischief."

Earl Ferrers (C) added: "If anyone is *tempted* to say that it is the Lords which has altered the Bill, let them reflect that what is in the Bill is no more and no less than what has the approval of the Commons."

In the Commons, Mr. Michael Foot, Leader of the House condemned Wednesday night's one vote Commons defeat on the "West Lothian" question.

The change was "a constitutional imbecility," he declared. All who had forced it through *including the Lords, should be* thoroughly ashamed.

Yesterday, peers also completed consideration of the Welsh devolution Bill with the *Tories not insisting on further* changes to the measure.

Skinner seeks tougher UK action in EEC

MR. DENIS HEALEY, *Chancellor of the Exchequer,* was yesterday urged to use his "well known Parliamentary bullying tactics" against the Common Market.

The demand for tougher action came from Mr. Dennis Skinner (Lab, Bolsover) who told the Chancellor: "It's time you and your colleagues woke up and spoke up for Britain for a change."

Mr. Skinner said that the Franco-German monetary union plan *would mean further* industrial penetration of Britain's marekts. It would also allow the Common Ariculturai Policy, which helped France, to exploit our consumers.

Mr. Healey replied that Mr. Skinner liked to use "bovver boots. . . . It would be more impressive if you used them for some other purpose than tapdancing on the Common Market."

Mr. Robert Adley (C Christchurch and Lymington) commented that the Chancellor was polite to his EEC colleagues, even if he d idnot agree with them, but "rude and abusive" *to anybody in this country he* disagreed with.

Mr. Adley added: "The British people don't like the sort of tactics that you and the Prime *Minister indulge in. I* want an assurance that you will not conduct the election campaign at this abusive sort of level."

Mr. Healey told him: "The Prime Minister and I try to be honest and straightforward in our dealings with all who we meet."

Peers approve salary Order

THE GOVERNMENT Order to increase Ministerial and other salaries by 10 per cent was approved by peers last night.

The order, already approved by the Commons, also increases the salaries of the Speaker, Government Whips, the Leader *of the Opposition and Opposition* Whips.

Opposition leader, Lord Carrington said that compared with industry, the salaries were fairly derisory.

It was ridiculous, in the context of the work done, that the Government Chief Whip in the Lords received less than half the salary paid to the Government Chief Whip in the Commons.

Lord Peart, Leader of the House, said politicians tended to treat *themselves in a derisory* way and there had to be a change.

Bingham report

IN YESTERDAY'S Financial Times it was reported that Mr. Ted Rowlands, Minister of State at the Foreign Office, had told the Commons that the Foreign Office hoped to have the Bingham report on the supply of petroleum products to Rhodesia "published within the next month."

Mr. Rowlands in fact corrected himself in mid-sentence and said, according to Hansard, "received within the next month." A decision whether to publish will be taken after that.

Clash on jobless rise

THE *Prime Minister* and *Mrs.* Margaret Thatcher, Opposition leader, clashed in the Commons yesterday over the rise in unemployment since Labour had been in power.

Mrs. Thatcher accused the Government of adding 600 men and women to the dole every day they had been in office.

Mr. Callaghan replied angrily that if the Tories had been in power unemployment would have been much greater.

Mrs. Thatcher called on Mr. Callaghan to confirm that the Government was working on a figure of 1.55m out of work for the rest of this Parliament.

Mr. Callaghan had a word with Mr. Healey sitting beside him and replied: "The Chancellor has just told me that figure has been *revised downwards."*

Mrs. Thatcher replied that if Socialism meant 1.55m unemployed, Mr. Callaghan should say so. Labou rhad inherited a 600,000 unemployed total.

Talks on bank relations

DISCUSSIONS between the Ba[nk] of England and the EEC Co[m]mission about the applicabili[ty] of the provisions of the Treaty [of] Rome to the present methods [of] *regulating the relations betwe[en]* banks and brokers in the U[K] are still continuing, Mr. Den[zil] Davies, Treasury Minister [of] State, told the Commons yeste[r]day.

SCOTLAND BILL POISED FOR ROYAL ASSENT

Anxious eyes will be watching Parliament's ungainly child

BY RUPERT CORNWELL, LOBBY STAFF

IT WAS a sad 11th hour twist in the Scotland Bill epic that saw the crucial "West Lothian" amendment carried *on* Wednesday night by just one vote, as a result of the absence of the MP for East Lothian, Dr. John Mackintosh, critically ill in an Edinburgh hospital.

Dr. Mackintosh was one of the few people at Westminster with a measure of intellectual *belief in devolution.* He was also one of the handful of MPs on either side of the House ready *to put in a good word for the Bill* as abuse showered down from elsewhere.

Today, the Government's home-rule legislation for Scotland is poised to receive the Royal *Assent, eight months after the* re-launched Bill reappeared in the Commons—and 20 months after the first ill-fated Bill surfaced. Since last November, it has been chewed *heavily, if not* mangled. But the measure finally accepted by the Lords last night is still just about recognisable.

"I doubt if history will invite future generations to glory in the day," said Earl Ferrers yesterday, in a phrase that catches the residue of general dissatis*faction.* "There are too many flaws, too many omissions, too many innovations which will allow the future course of events to unroll in ways we would not *wish."*

In other words, no one is sure how the ungainly infant will grow up. Conceivably, of course, into a workable form of Government (thanks, it will have *to be,* to the British skill at constitutional improvisation); equally possibly, on the other hand, into the slippery stepping stone for an independent Scotland.

Surprises

First of all, there will have to be the referendum, seeking the Scots' approval for the creature thrust upon them by a London Parliament. Theoretically, it is possible for this to be held as early as late September or October, if the Commons were recalled to *endorse* the required *Order,* six weeks before the referendum date. In practice of course, other things will be going on, almost certainly, at that time.

Three months must elapse after a general election before the referendum. Labour would probably not hold it earlier than March to take advantage of the new electoral register. The Tories, however, if in office, might, it is being maliciously suggested, try and have it in the depths of winter to minimise the chance of getting the 40 per cent yes vote required. For all their visceral dislike of the Bill, the Opposition is committed to *holding the referendum.*

If unpleasant surprises do lie ahead, it is likely that they will flow from the "West Lothian" provision, named in honour of devolution's greatest foe, Mr. Tam Dalyell, MP for that constituency—but voted upon in the Commons, it should be *remarked, at the instigation of* the Tory peers, led by the 13th Earl Ferrers.

By allowing a second vote, after a 14-day thinking-over period, on the second *reading* of any Bill in the Commons relating purely to England, but passed with the help of Scottish MPs, it attempts to deal with the greatest flaw of the legislation as it stands: the position of those MPs at Westminster who no longer can vote on devolved *Scottish matters* but who can decide them in England. In more pompous language, the contradiction of grafting a federal limb on to a unitary State.

In many ways, the amendment carried by 276 to 275 is remarkable. Firstly, it is an instance of the Lords instigating a sweeping change in Commons procedure (although the provision does have to be ratified by a separate resolution of MPs). Second, no-one claims it even remotely settles the problem. "There is no solution to the insoluble," Dalyell observed tartly last night. Third, it is permanently "destabilising" — since the awkward topic of constitutional links between Scotland and England will be raised every time a controversial English Bill is carried by non-English votes. For that reason, it was ardently backed by the Scottish Nationalists.

But tactics are involved also. By forcing this defect into the public eye, opponents of devolution hope that they can swell the "No" vote in the referendum. Whether this sort of abstruse, though vital, issue has any real bearing on the way people will vote, must be doubtful. But the unholy alliance of Nationalists, Conservatives and the hard core of Labour dissidents was enough. John Smith, the Minister who has nobly shepherded the Bill, tried to dismiss the amendment as an irritant. Francis Pym, for the Tories, called it "seismic."

An interesting side-effect of the closing stages of the measure's passage has been the image-sprucing efforts of the House of Lords for whom the threat of disappearance is becoming a little more real these days. And the facts do, up to a point, support the Tory peers in their contention that, over devolution, the Upper House has behaved as a revising chamber *should—improving and polishing,* but not seriously challenging the authority of the elected lower chamber.

Only one round of "ping-pong" or exchange of amendments took place. Of the 239 amendments passed by te peers, only 41 per cent originated from the Opposition; the rest were Government or amendments concessions.

Twenty-nine substantive issues were sent back to the Commons. *Of those,* 18 were rejected, and 11 *accepted,* eight without protest, the other three (on abortion, forestry's exclusion from the Bill, and "West Lothian") by the full vote of MPs. None the less all the Lords main changes were to reduce the scope of devolution, and to tie the new Assembly [to] Westminster.

Still, Earl Ferrers gleefu[lly] *recounts one incident, of a fe[ro]*cious leveller who wrote to t[he] Glasgow Herald to suggest th[at] the cost of the Edinbur[gh] Assembly could be met by scra[p]ping the Lords. With relish, [he] pointed out in reply that wh[ile] the Lords costs £5m a year [to] run, Edinburgh will cost £13m.

"The Lords," he boasted l[ast] night "has never worked hard[er] or more effectively than now, a[nd] probably stands higher in t[he] public's esteem than ever befo[re]. My advice to the Lord Chanc[el]lor, when discussing whether [to] put abolition into the Labo[ur] manifesto, is: 'Don't touch [it] with a bargepole; it won't do y[ou] any good.'"

We shall see.

The Property Market

BY JOHN BRENNAN

EPC—after the bid

WHAT NOW for English Property Corporation? Having abandoned two months of take-over negotiations with the Dutch property group NV Beleggings-maatschappij Wereldhave, EPC's chief Executive, David Llewellyn, says that the group is back to "business as usual." But that view rings rather hollow in a market that had been looking to a bid as a simple solution to the group's problems.

No details of Wereldhave's offers are to be made public and so shareholders, having faced a 9p drop in the share price to 37p on news that the talks had failed, are left to muse over the outside guesstimates of bids ranging from the mid-40ps to a less probable mid-50p range.

It could be argued that as EPC and Eagle Star broke off the talks because the offers were insufficient, or in an unsatisfactory form, shareholders should take this refusal as a clear statement of faith in the group's future. And the very fact that an offer was made surely confirms EPC's vaibility? A bear of the stock with particularily sharp analytical claws, stockbroker Walter Ward and Company, slashes through this argument in a review of the group this week.

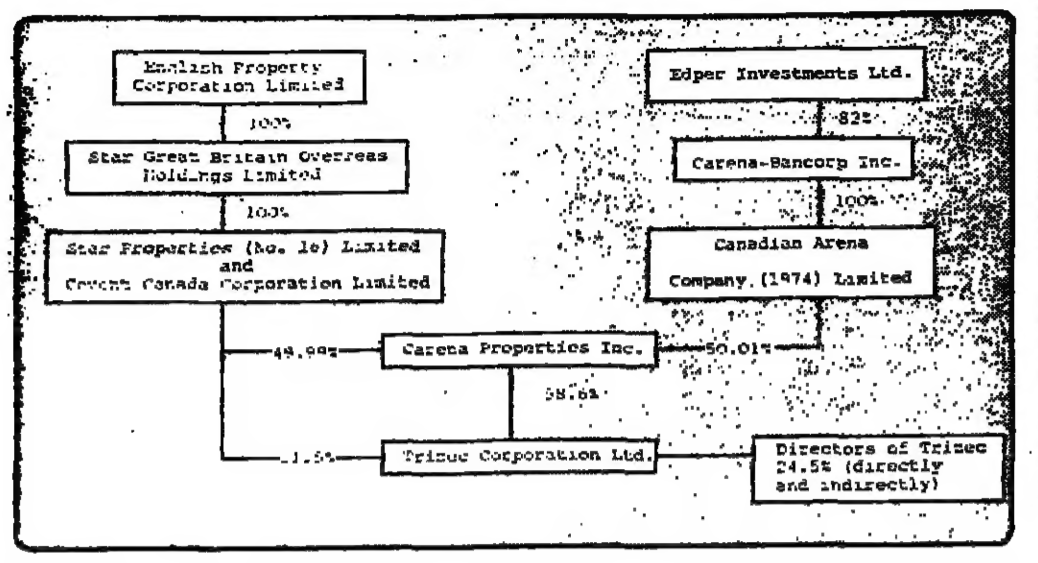
As Ward's chart shows, EPC's potentially most attractive asset —its stake in the Canadian Trizec Corporation—is a minority holding. And as a minority stake, its resale value would have to be subject to an element of discount. Not that the Trizec interest is necessarily for sale, as EPC's deconsolidated accounts show that, of a total revenue deficit of £11.1m last year (the £9.3m reported pre-tax profits less £20.4m of capitalised interest), £10.4m of the loss was sustained in Britain and Europe. Canada nearly broke-even.

But what leads Ward to the conclusion that only the hope of another bid will keep EPC's shares at their current level is the sale of EPC's continuing revenue haemorrhage.

On the accounting basis adopted recently by Land Securities, EPC would find it hard to justify the capitalisation of interest on deferred developments and impossible to support a continued dividend payment from revenue.

In its 1977 accounts EPC shows £170m of development properties, £116.8bn in the UK or Europe. Only £4.03m of capital commitments had been contracted for UK or European schemes at the time of the accounts, £42.2m had not been contracted, "until financial and other arrangements have been satisfactorily concluded," a phrase, which could be taken to mean that they are deferred. Yet £14.5m of development charges on these non-U.S. properties were capitalised last year. Only charges on UK sites without planning permission are not covered by capital transfers.

Ward forecasts a further £15m capitalisation this year to cover UK and European deficit financed developments. This would cut net assets to around 53p which it argues, is little support for the shares given this continuing revenue drain.



Peachey's hiccup

PARK WEST, Peachey's 542 flat apartment block, in London's West End, will be sold to the Kuwaiti millionaire Mubarek Al Hassawi for £9.9m despite this week's legal block on the sale by the building's freeholder, the Church Commissioners.

Peachey's chairman, Lord Mais, describes the delay as no more than a "hiccup", and confirms that Mr. Al Hassawi's deposit is still held, and that he is still perfectly happy to buy and renovate the apartments.

The Church Commissioners won High Court approval to block the assignment of Peachey's lease on the building—which has 117 years to run—on the technical point that the Leichtenstein company set up to hold the lease, Intelec Investment Corporation, was not formed until 3 days after Peachey launched legal proceedings to clear the assignment.

Now that this technical point has been resolved it should be only a matter of time before the sale goes through. But why did the Church Commissioners take such a litigious line? Perhaps the fact that Mr. Al Hassawi does not plan a flat "break-up" and so doesn't need to bargain for the Commissioners freehold —worth just £12,500 a year—may have influenced their thinking.

In Brief . . .

SHOPS east of Oxford Circus, towards the shadow of Centre *Point, have been classed the* "poor" end of Oxford Street for years. Now with this week's flamboyant opening of Brent Walker's Oxford Walk scheme in the former Woolworths store at 150-153, Oxford Street, takeover approaches to Bourne and Hollingsworth, and the spetacular rents achieved in UK Providents' *refurbishment of the old Waring* and Gillow building at 164-182, Oxford Street, it could be time to re-rate the east-end's retail pull.

Brent Walker's own shopfitting division has taken just eight months to completely refit the 67,000 sq ft building, leased from Woolworths (which holds a 55-year lease from Legal and General under the Prudential as freeholder) for 20 years on a rent believed to be £335,000 a year with five yearly reviews.

A net 40,000 sq ft of retail space has been carved out the building in 55 units, some of which have been linked to produce a rent roll, according to letting agents Leavers, "well in excess of £1m a year." Tenants have been given three-year leases, and George Walker, Brent Walker's chief executive, expects the scheme to cover its costs—part funded by the group's merchant bankers, Barclays—by the time of those first reviews.

Next door to Oxford Walk, UK Provident's letting agents, Edward Erdman, and Gross Fine and Krieger Chalfen have set new rent levels for Oxford Street's east end, achieving over £600,000 a year for 36,000 sq ft of retail space. Mothercare, Dorothy Perkins, and C. and J. Clark for Peter Lord, have each taken basement, ground and first-floor units on 35-year leases with five yearly reviews.

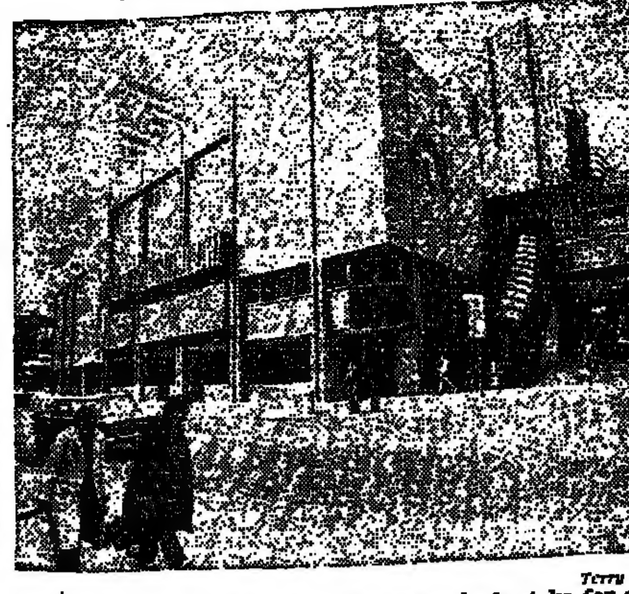
The rents equate to over £100 a sq ft for zone "A" space, compared with £60 to £70 a sq ft for frontage space in Oxford Walk. The remaining 2,600 sq ft unit on UKPI's redevelopment is under firm offer, but the 162,000 sq ft of offices above will not be marketed until September.

This rental strength gives an additional interest to the *approach to Bourne and Hol*lingsworth, whose Oxford Street department store looks the probable main target for any bidder. B and H holds 80 years of a lease on the building from the Berners Estate, and a £5m book value for properties stands against an £11.3m valuation in the last property bull market, a valuation that looks conservative in the light of current rents.

RAGLAN PROPERTY TRUST'S shares have held up well to the financial reconstruction, detailed earlier this week. Although the parent company is left with net assets of only around ½p a share after the transfer of properties and debts to two new subsidiaries, the shares remained stable in the 5½p to 6p range.

Some support for the stock has come from the news that Raglan's chairman, David Anderson, and his fellow director John Hopps, who have worked on the reconstruction terms for over a year, have been able to back up their talk of plans to "expand Raglan's business in the field of project management on a fee earning basis" by landing the development consultancy on the giant Wellington Street site in Leeds.

The 20-acre Wellington Street site, next to Leeds' central railway station, is owned jointly by British Rail and the National Freight Corporation's National Carriers subsidiary (which was taken over from British Rail in the late 1960s).



Terry Kirk

Bond Street shopping centre, Leeds. Raglan's stake for sale.

Various plans for the site have been mooted over the years, and now Raglan has been called in to work to a planning brief from the Leeds City council, which has just zoned the land for shop, office, industrial and housing use.

It could be 10 years or more before plans are formalised, agreed, and building work undertaken, which gives Raglan plenty to justify the reformation of a development team and, more critically, helps to re-establish the group's credibility as an active property company.

Just down the road from the station site Raglan's stake in the £20m-plus Bond Street shopping centre, with its 123,000 sq ft of offices above Albion Street, is likely to pass soon to the scheme's funding institution, Guardian Royal Exchange. Raglan holds a vertical slice of the equity.

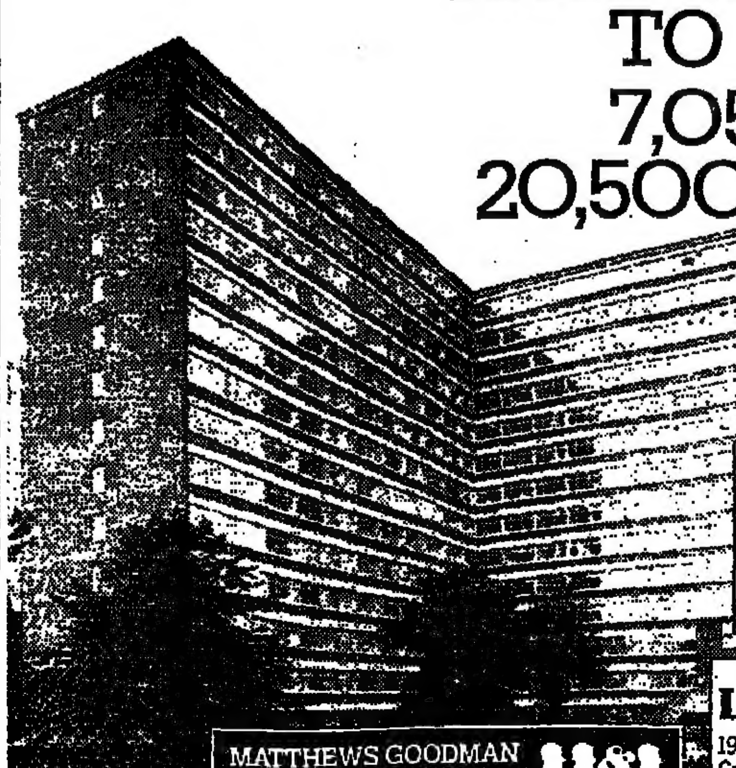
Raglan is assured of a fairly sizeable price for its interest. Not that the Guardian cash will help shareholders. The Leeds centre holding is one of the properties isolated by the reconstruction to be set against Raglan's £27m of historic debts.

●

CAPITAL AND COUNTIES Property Company is another rendered *down survivor of* the property crash now moving back into the development market. CCPC is hardly in the same emaciated shape as Raglan. But it faces similar problems in reviving its development side and, apart from a continuing programme of renovation and redevelopment of its existing portfolio, CCPC has only now taken a first step back into direct development.

The group has abandoned earlier, more ambitious plans for a major shopping centre development on the site at Ferry Works and Lacy Road, Putney, which it assembled between 1964 and 1967 in favour of a smaller project. It has applied to the London Borough of Wandsworth for planning permission to build 60,000 sq ft of shops, 30,000 sq ft of offices, flats and a 200 space car park.

INDUSTRIAL AND BUSINESS PROPERTY



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  4,500 sq. ft. Excellent single storey Factory/Warehouse. TO LET
- **CHATHAM, Kent**
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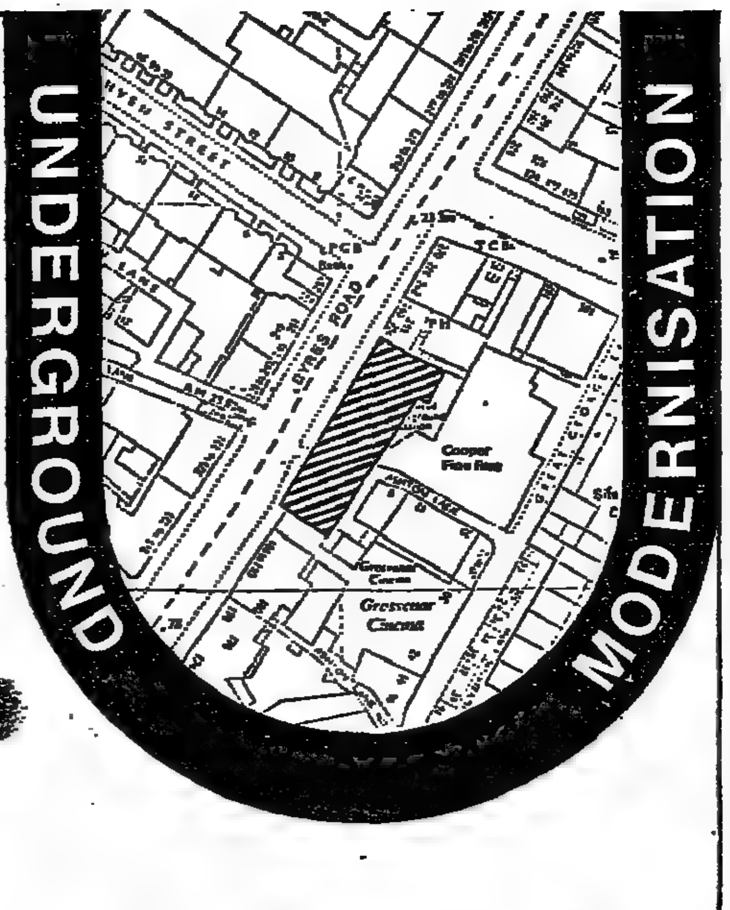

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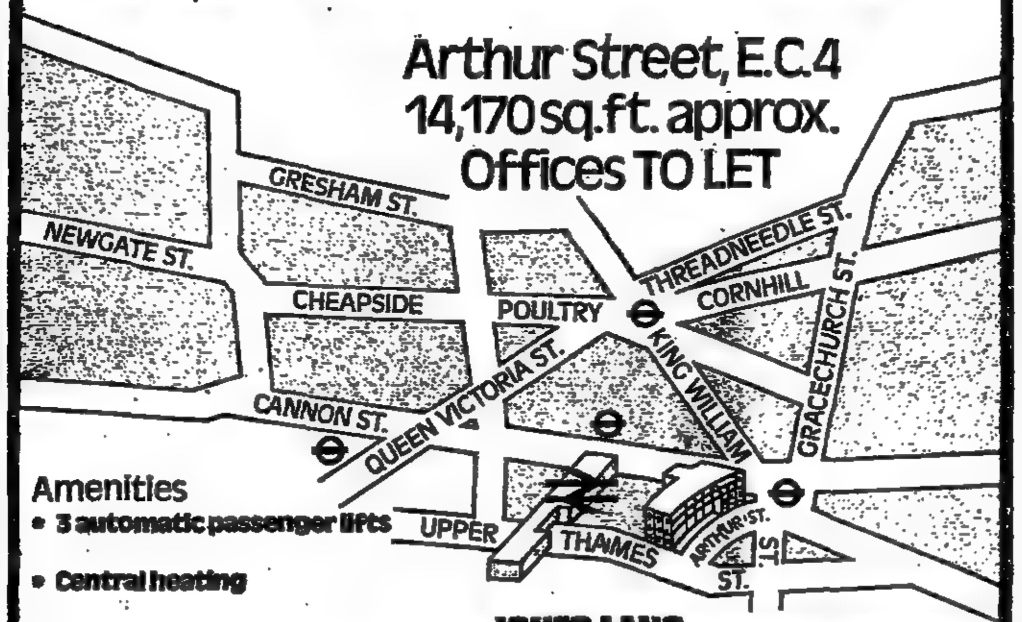

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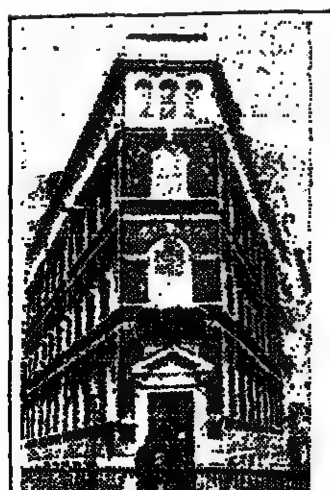

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ENERGY REVIEW: CANADIAN OIL BY RAY DAFTER AND ROBERT GIBBENS

Enhanced prospects for heavy oil

ONE POINT often overlooked or set aside by those who warn us about an impending energy shortage in the 1980s or 1990s is the fact that there is a tremendous amount of unconventional oil lying in unexploited reserves around the world.

Rough estimates indicate that there could be well over two trillion barrels of such reserves, equivalent to about three times the amount of conventional oil discovered and proven at the end of last year.

Unconventional oil is usually omitted from the short-term energy equation because it is difficult and expensive to extract. Because of its heaviness, viscosity or the nature of the rock in which it is trapped, the oil does not flow like normal crude. It has to be dug or eased out of the ground by special recovery techniques: through the injection of steam, by the lighting of subterranean fires or the injection of chemicals, for instance. It is a costly business, but because of improving technology and the general rise in energy prices the recovery of unconventional oil is now being looked at much more seriously.

It is left out of short to medium-term energy evaluation because the initial projects are tiny by worldwide oil production standards. Perhaps more important, however, is the energy industry's desire not to build up consumers' hopes too much. The development of unconventional oil will not come in time to meet, on a large scale, the growing energy demands of the next couple of decades. Over-emphasis of unconventional oil's potential could encourage an air of complacency and slow down its development.

That said there are two areas in the world where the exploitation of this type of crude oil is receiving growing attention: Venezuela, principally the Orinoco oil belt, and Canada. According to a report in The Future Supply of Nature-Made Petroleum and Gas (Pergamon), a book published last year following an ambitious energy conference in Austria, some one trillion (million million) barrels of heavy oil occur in oil sand deposits in Canada with a further minimum of 700bn barrels lying in Venezuela.

A glance at the energy resources map of Alberta and Saskatchewan and at projections for Canada's balance of payments through to 1985 reveals two main reasons for the new wave of oil industry interest in Canada's heavy oils.

Not that the reserves can be considered as a whole. There are at least half a dozen categories of heavy oils, a term used loosely to cover the bitumen contained in the Athabasca Tar Sands in Northern Alberta: the deposits further south around Cold Lake where the oil will flow relatively easily if heat is applied and to oil in the Lloydminster and Wainwright areas of Alberta and Saskatchewan where the fuel has been produced in small quantities for many years through conventional production systems.

It is the latter Lloydminster category which has been brought into the spotlight by the contest for the control of Husky Oil, the main producer and leaseholder in the area. According to Federal and oil industry estimates there are between 12bn and 16bn barrels of Lloydminster-type oils lying in the ground, roughly equivalent to three or four times the amount of oil originally in place in British Petroleum's big North Sea Forties Field. However, while it is likely that BP will extract more than 40 per cent of the oil in Forties it is unlikely that a Lloydminster recovery factor will go beyond 10 to 15 per cent using conventional production methods with the help of water injection to maintain reservoir pressure. But the oil industry has suggested that using enhanced oil recovery methods, such as the introduction of heat, could raise the rate to nearly 50 per cent.

Potentially the Lloydminster area heavy oil could be boosted from the present low production rate of about 25,000 barrels a day to nearer 250,000-300,000 b/d by 1985, given the installation of upgrading facilities to convert the crude into a lighter oil suitable for Canadian refineries.

Such an increase assumes a major technical and financial effort to develop enhanced recovery techniques and to cover the capital cost, now estimated at around C$2bn. There are many oil companies which regard the high production estimates as over-optimistic. Imperial Oil, Canada's biggest oil group, has told Canada's National Energy Board that it reckons heavy oil output in the Lloydminster area should reach a peak of 140,000 barrels a day in 1987 and drop to 88,000 b/d by 1985.

However, the Federal Government has set a target of oil "self-reliance" to be reached over the next five to 10 years. It has warned that even with the present relatively slow rates of growth in demand Canada could be importing more than 50 per cent of its total oil needs by 1985. Little, if any, balance of payments offset would come from exports to the U.S. because of both declining production from the western plains and a longer time horizon for production from the Arctic and other frontier areas. The Government has argued that all this could represent an annual oil trade deficit of C$6bn or more.

Thus the national desire to press ahead with Lloydminster production. It is a medium-term energy project. Potentially one upgrading plant with a capacity of 125,000 to 150,000 b/d could come into production in the time gap between the start-up of the Syncrude tar sands mining project and the possible completion of the third tar sands mining plant by a consortium headed by Shell Canada.

(The $C2bn Syncrude project is now nearing the commissioning stage. The bitumen sands, dug out by huge mechnical shovels, will go by conveyer belt to a processing plant where the bitumen will be separated from the rock by a hot water system. Partners in the project—due to reach full production of 125,000 b/d in 1981—are Imperial Oil, Gulf Canada, Cities Service Canada and the Alberta, Ontario and Federal Governments.)

The enhanced recovery methods needed for Lloydminster production have been tried at pilot-plant level in other Canadian areas, such as Wabasaca, in the tar sands belt—a Gulf Oil project — and by Imperial Oil at Cold Lake. The chief reasons why output at Lloydminster, and in several other less important fields, has not been pushed beyond the 20,000 b/d to 30,000 b/d level have been the low price of crude oil and limited market for this type of asphaltic crude.

However, production from Wainwright has been fed for many years into the inter-provincial pipeline system for shipment to Sarnia, Ontario and several small American refineries built to take the heavy oils of the Lloydminster type.

And as the domestic wellhead price rises nearer to the international level of crude oil prices, the economics of developing Lloydminster-type oils on a larger scale — together with upgrading facilities to produce crude acceptable to Ontario refineries — now look to be more encouraging. Estimates have suggested that the oil could flow for between C$7 and C$9 a barrel, excluding royalties.

This cost per barrel is roughly half the cost of Syncrude tar sands oil. (In terms of capital costs, Syncrude's mining project has a price tab of around $C2bn; Shell's project could cost over $C4bn, and Imperial Oil's Cold Lake in-situ, steam-injection scheme might cost $C4.7bn according to latest estimates.)

Two groups have put together preliminary plans for Lloydminster-type developments for upgrading plants: one is led by Husky Oil and the other by Pacific Petroleums. However, a number of companies have practical experience of actual oil production and most of these have done preliminary work on enhanced recovery methods.

The usually-accepted reason in the oil industry for Occidental Petroleum's bid for Husky was that it knew the Lloydminster reserves were attractive, felt that they could be developed profitably even at price levels expected over the next few years, and was willing to accept a consortium approach to development. This argument assumes that Petro-Canada, the national oil company, made a counterbid because of the implications of a major sale of Canadian energy assets to a foreign company.

Dr. Armand Hammer, Occidental's energetic and entrepreneurial chairman, has said that he would be willing to allow PetroCan and the governments of Saskatchewan and Alberta to participate in all oil production from Lloydminster. "Not only can Occidental provide financial muscle for the project, if we are permitted to buy Husky's shares, it will save PetroCan from spending money itself. Seventy per cent or more of the $C570m PetroCan proposes to spend would leave Canada, and all of it would be unavailable to fund either Lloydminster or any other PetroCan project," he said last month.

The issue has been clouded by Alberta Gas Trunk Line's recent intervention through the acquisition of 35 per cent of Husky Oil.

Mr. Robert Blair, head of the Trunk Line Company, Alberta's largest gas transmission group and a sponsor of the Canadian section of the Alaska Highway gas pipeline project, has said that if any other company challenges AGTL as Husky's biggest single shareholder, Trunk Line would buy more stock.

It is expected that Mr. Blair will make his presence felt in the Husky boardroom for there is a strong feeling in Canada that he has the tacit support of both the Alberta and federal governments. Looking to heavy oil development, Mr. Blair has said that other companies operating in the Canadian petroleum industry may be invited to participate.

"We will be highly receptive to developing such ventures with Petro-Canada and with Occidental if their managements wish to work with us," he said.

The successful development of Lloydminster is far from cut and dried. By no means all of the oil industry is convinced of the economics of the project. Indeed, there are some oilmen who question whether extra Lloydminster oil should be developed as planned. They argue that Canada's supply and demand equation may well be affected by the light oil finds in West Pembina in the past two years. (This week Amoco confirmed a significant discovery in the field.) Furthermore tax incentives and technical advances are now putting a new light on deeper oil exploration on the western plains.

In general, however, oil industry analysts have told the National Energy Board that they expect production from conventional crude sources to decline. In various reports that have held out the hope that tar sand and heavy oil production can take up some of the slack if extraction and upgrading facilities are brought on stream quickly enough—a point raised in a recent issue of the Oil and Gas Journal. But there was an important caveat: the industry needed greater incentives to increase domestic reserves and production. And the major incentive, demanded by nearly all of the companies and trade associations, was federal agreement on higher prices.

APPOINTMENTS

Hawker Siddeley executive posts

The following board appointments have been made with the HAWKER SIDDELEY group: Mr. A. B. H. Davies, managing director of L. Gardner and Sons; Mr. C. P. Jones, a director of Falcon Short Circuit Testing Laboratory; Mr. M. F. Radcliffe, finance director of Brush Electrical Machines; and Mr. P. M. Salmon, works director of Mirrlees Blackstone (Stockport).

★

Mr. S. M. Searle has been appointed to the Board of INVESTMENT INTELLIGENCE from August 1.

★

THOMSON REGIONAL NEWSPAPERS has made the following appointments at Aberdeen: Mr. William Jamieson is to be assistant managing director of Aberdeen Journals to succeed Mr. J. R. Nicholson, who takes a position with Thomson Publications on September 1. Mr. John G. Woolford replaces Mr. Jamieson as chief accountant and company secretary on August 21.

★

Mr. Anthony Vick has been appointed managing director of TERRAPIN OVERSEAS and continues as secretary to the Terrapin International Group.

★

Mr. G. A. T. Groombridge has joined the Board of POWER DYNAMICS as managing director. Mr. P. F. Wells remains executive chairman. Mr. Groombridge was previously with Dartmouth Investments.

★

BRIDON has appointed Mr. R. L. Henry as zonal executive for North America. Mr. Henry is chairman, president and chief executive officer of Wire Rope Industries, Montreal.

★

Mr. John G. Hogg has been appointed a director of the GUTHRIE CORPORATION.

★

Mr. Brian J. Holland, a director of TWINLOCK, has been appointed managing director. Mr. Holland has been managing director of UK operations for the past two years.

★

Mr. Charles R. Fullerton, a vice-president of the BANK OF AMERICA, has been appointed to head the energy section in the Europe, Middle East and Africa Division in London.

★

Mr. D. W. McK. Wallace, chairman of the life committee of the Corporation of Mortgage Finance and Life Assurance Brokers, has joined the life and pensions committee of the BRITISH INSURANCE BROKERS' ASSOCIATION.

★

Following the acquisition of Capital and County Laundries, Mr. J. A.-C. Kneel has been appointed a director of JOHNSON GROUP CLEANERS.

★

SALVESEN OFFSHORE DRILLING states that Mr. Ken Trott, managing director, is leaving at the end of July to take up a senior position with the BRITISH NATIONAL OIL CORPORATION. His successor as managing director is Mr. Eric Stephens who will be on secondment from Rio Tinto-Zinc, one of the four companies which jointly own Selvesen Offshore Drilling.

★

Mr. John P. R. Glyn and Lord Wall have retired from the Board of the EXCHANGE TELEGRAPH COMPANY (HOLDINGS). Mr. Glyn has been a director for 25 years and deputy chairman since 1972. Lord Wall has been a director for six years.

★

Mr. J. E. O. Arnold, of the Isle of Man, has been appointed Master Elect of the WORSHIPFUL COMPANY OF CARMEN from October 19. The two Wardens elected with him to take office at the same time are Mr. W. Arthur Hodkinson, and Lt. Colonel G. R. Clarkson.

★

Mr. Dennis Bowater has been appointed group personnel director of the LEE GROUP.

★

Sir John D. K. Brown has been appointed a director of Throgmorton Trust, New Throgmorton Trust, and Throgmorton Secured Growth Trust. Mr. B. L. G. Sharp is to be a director of New Throgmorton Trust and Throgmorton Secured Growth Trust. The appointments are from August 1.

★

Mr. Diarmuid Downs, chairman and managing director of Ricardo and Co. and president of the Institution of Mechanical Engineers, has been elected president of FISITA, the international council of automobile engineering societies. He takes office from the retiring president, Mr. Charle Deutsch on September 15.

★

Mr. T. M. Davis is to become a full-time executive director of the RUBBER TRADE ASSOCIATION OF LONDON. He was chairman of the Association in 1971-72 and has served on the committee for more than 15 years.

★

Mr. C. J. Wacey has been appointed an assistant director of LESLIE AND GODWIN (U.K.).

★

Dr. V. M. Wadsworth has been appointed a director of TANGANYIKA CONCESSIONS. Mr. R. F. Medlicott has retired from the Board.

★

Mr. Donald L. Bryars has been appointed a Commissioner of CUSTOMS AND EXCISE from July 31.

★

Mr. Michael Peretz, chairman of Cyanamid of Great Britain, is to take up a new appointment as deputy executive vice-president of the INTERNATIONAL FEDERATION OF PHARMACEUTICAL MANUFACTURERS ASSOCIATIONS in September. It is intended that Mr. Peretz will succeed Dr. J. Egli, who retires from his post as executive vice-president of the IFPMA at the end of this year.

★

Mr. Bernard Buckman has been appointed a second vice-president of the SINO-BRITISH TRADE COUNCIL, which is an area advisory group for the British Overseas Trade Board. Mr. Buckman is chairman of the Wogen-Buckton Group.

PROPERTY DEALS

St. Albans bows to protests

A full meeting of St. Albans City and District Council on Wednesday evening hammered another nail into the coffin of the Samuel Properties—Bryant Holdings plan for a 288,000 sq ft central shopping scheme.

The Council has reaffirmed its call for a tendering system for any construction work, and specifically excluded Bryant from any list of tenderers by a vote of 30 to seven. The Council had called for a public exhibition of the Samuel scheme, and has now extended this call to include the other schemes before it.

These are from the St. Albans Civic Society which talks of "a consensus brief" that would eventually be funded by sale to an institution. Tesco has offered "a flexible approach," which will bend to the Council's views if reasonably possible, and which would involve three stores, one for itself, one for C and A, and another store, all funded from Tesco's own resources.

The third scheme comes from Sainsbury, which would hope to arrange funding for a multi-store scheme in conjunction with other retail groups, but which could, if necessary, fund the development internally.

Since the Samuel scheme came under fire locally, other developers have appeared on the scene. Town and City Properties, Town Centre Securities, Taylor Woodrow and an unnamed financial institution have all now registered interest in the St. Albans centre.

Hillier Parker May and Rowden, the Council's consultants, have had to accept the appointment by the Council of a Department of the Environment recommended property adviser to give a second opinion on the town's development plans and on its overall shopping needs. Richard Ellis and Stimson Lock and Vince of Watford were both recommended but decided not to consider this role. However, Drivers Jonas is now looking at the brief to see if it would be willing to accept the job.

●

IT HAS NOT been Samuel Properties' week. After St. Albans, the property group, along with Electricity Supply Nominees, have been pipped by Laing Developments in the final selection by Gravesend Council for the developer of its Wakefield Street town centre site. Laing plans a 155,000 square foot Laing plans a 155,000 square foot, £7m shopping scheme on the Council's land. Detailed negotiations are now in hand, and the developer expects a 125-year lease for the site. As the Council owns the land, Laing hopes to be able to start work in mid-1979 and to open the scheme for trading by the autumn of 1980. Bernard Thorpe and Pareners introduced the scheme to Laing and are retained as letting agent.

●

ST JOHN'S COLLEGE, Cambridge has paid £410,000 for bankers Knowsley and Co.'s 8,441 sq ft office and shop development at 52 Park Street, Camberley, Surrey. The Hammond Phillips Partnership, which acted for the bank on the development and the sale, let the retail space to Hampshire Carpets and the offices to Incomtec and Howmar International on standard 25 year, five year reviewed leases at rents to give the College, which was advised by Carter Jonas of Cambridge, an initial yield of 7.4 per cent.

●

CHASELEA Securities, a private developer, is following the move to the Eastern fringes of the City of London with a 24,000 sq ft office scheme in Middlesex Street, E1. Y. J. Lovell Construction starts work on the site in September and letting agents Smith Melzack, St. Quintin Son and Stanley and Richard Ellis are looking for rents of at least £7.50 a sq ft when the office space is completed early in 1980. Four shop units on the ground floor have already been pre-let at rents of around £3,000 a year each.

●

BRITISH LAND has sold its Hunslet Road Trading Estate at Leeds to Merchant Investors Property Fund for £400,000. British Land, represented by Weatherall Green and Smith, held a 125-year lease on the estate from the British Waterways Board. Six warehouse units totalling 50,000 sq ft have been completed on the estate, and 16,000 sq ft of this space has now been let to Sheffield Insulations. The remaining 34,000 sq ft is on offer through Richard Ellis, Weatherall and Hollis and Gale at £1.10 a sq ft. MI, advised by Ellis, picks up 5 acres of adjoining bare land with the estate, land with detailed planning permission which the fund will use to develop another 100,000 sq ft of warehousing in units ranging up from 6,000 sq ft.

Ellis, MI's property managers, have taken the fund's buying spree in recent weeks to £1.59m with two further investment deals.

Some £625,000 has gone to buy the 8,500 sq ft of offices at 29-30, Bedford Street, in Covent Garden from clients of De Groot Collis. The space is let to Richard Seifert and Partners for just £60,000 a year, but Seifert's lease ends in two years. In the third deal the fund gets an initial yield of just under 6 per cent for 5,530 sq ft of offices at 13-17 Wood Street, Kingston-Upon-Thames, having paid £570,000 to clients of Elliot Son and Boyton for the rack-rented space.

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EDITED BY CHRISTOPHER LORENZ

OUP presses on with its computer revolution

THE Oxford University Press, of mediaeval origin and with its catalogue of scholarly works, seems at first sight an unlikely company to be in the forefront of a revolution in computer management.

In its 500th year, however, OUP has decided to buy a computer system which differs radically from most other systems in the business world. It will involve a change of management procedures probably as fundamental as any experienced in the company's long history.

It is a change which many medium-sized companies will have to confront when they come to terms with the enormously increased power of the emerging generation of computers. This extra power brings a change from what in computer jargon is called "batch processing" to an "on-line system."

In plain terms, an "on-line" system allows every important office in a company to have its own terminal which can be in constant up-to-the-second communication with the main computer. New information can be typed into the machine and records can be scrutinised on scores of different terminals operating simultaneously.

The "batch system," on the other hand, was created to take account of the limitations of computers developed over the past decade which could only carry out a relatively limited number of functions at one time.

The change to an "on-line" system can have far-reaching effects on a business, because it allows every department to be in immediate touch with the company's central files. It can therefore lead to a devolution of responsibility and is certainly likely to weaken the grip which central computer departments have built up over the years.

The rapidly falling costs of computer hardware and the development of the relevant programmes have now brought on-line computing within the reach of even relatively small companies. (The adoption of industrial process control computers for business purposes has also had a similar effect.)

Some of the intriguing implications are now being explored in the rather staid world of UK publishing, by the Oxford University Press.

With a turnover last year of £46m, OUP is currently the smallest customer for the system it has decided to buy, the Burroughs B6800 computer with a Data Management System (DMS 2).

Mr. Tony Reeve, data processing manager at OUP said: "After 500 years of operation we now have the opportunity to scrap our commercial system and to develop a system which will still be useful in the late 1980s."

The OUP, which is the largest UK publishing house apart from Her Majesty's Stationery Office (HMSO), was the first publisher to buy a computer in the 1960s. This was an International Computers Limited (ICL) 1900 batch processing machine now nearing the end of its service.

It enabled all the details needed for, say, computing payrolls, to be accumulated on a tape and then run through the computer as a batch at a specified time when that particular program was being operated. Other batches for stock control invoicing and a host of different jobs would also be fed to the computer, but only at appointed times.

An "on-line" system on the other hand, can digest information in any order, just as it comes, and can update a long list of different files simultaneously.

Mr. Reeve believes that OUP is the first publisher in the world (it is certainly the first in the UK) to move to a fully on-line system. There will be more than 100 terminals spread between the company's three centres in Oxford, Neasden and Glasgow.

The system will not only handle almost all the company's administrative records, but it will also store the complete texts of some of the larger works like *The Oxford Dictionary of Quotations* which need to be updated regularly.

One of the most interesting effects of the change to the new system is likely to be that managers and clerks throughout the business will have to learn to be on relatively intimate terms with the computer.

Mr. Reeve says: "At present any piece of information has to go through the hands of two, three or even four people before it gets into the computer. Sub-managers who could not cope with the computer were to some extent shielded by the data processing department.

"But now the computer is going to come right into their offices, and they are going to have to learn to live with it."

In fact almost everybody at OUP is likely to have to learn the basic rules of how to operate a computer terminal and how to "talk to" the machine to extract the right information from its huge files and make it do the correct operations.

However, although it will be necessary to learn a simple computer vocabulary, deep knowledge is not required, because the computer is programmed with a question and answer routine to help enquirers to find out what they wish.

In the long run, Mr. Reeve expects that the present data processing department will all but disappear. The computer will be operated almost entirely from terminals in different departments.

This phasing out of the central computer department is likely to be of great importance to the business. For the OUP, in common with many other companies, has found that its computer system tended to become master rather than servant of business procedures. The batch processing system tended to create bottlenecks and delays.

For example, a simple change of address of a subscriber to one of OUP's journals would have to be sent to the computer department where it might have to wait up to a week for the next run of the address lists. Similarly an inquiry about sales of a best selling title would have to be referred to the department where it would wait until the computer was "ready" to process it. The delays were particularly irksome in a business spread between three different centres.

Paradoxically, the vastly increased power of an on-line system allows the computer to be much less intrusive—more the servant and less the master.

In both the examples just given, anyone could obtain an instant response from his private terminal. This means that business methods could, in some ways, return to what they were in the cosier days when every department could keep all its own records in a few handy filing cabinets.

Indeed, Mr. Reeve hopes to develop the system so that the computer's memory will be able to include details which would normally go into an individual's files—the names and telephone numbers of buyers, for example. Indeed the capacity of the system's memory is so immense that its use is really only limited by the imagination of those who have access to it.

One of the big challenges facing OUP, therefore, is to ensure that the new system is introduced in such a way that it is regarded as "friendly" and to avoid the upheavals caused by the introduction of the first computer in the last decade.

Max Wilkinson

How to prevent another Flixborough disaster

After the recent Italian lead plant explosion which spread a cloud of toxic gas making thousands ill, **Sue Cameron** asks how managers can avoid similar disasters.

MANAGERIAL secrecy may well be one of the greatest threats to the safe running of a potentially dangerous installation such as a chemicals plant, an oil refinery, a gas terminal or a nuclear power station.

There is always a temptation for managers to reassure workers and local residents by playing down the risk of an explosion or a poisonous gas leak. But there is considerable evidence to show that this is one temptation which must be resisted at all costs.

A bland refusal on the part of management even to discuss the dangers feeds people's fears—often quite needlessly. It can also hamper attempts to contain a fire or a toxic chemical spillage once a crisis does arise because nobody knows what action to take. Should an effort be made to close valves manually? Should everyone in the vicinity run for cover? If so, where should they run to? How quickly could the fire spread? How great a health hazard is the escaping chemical? Should the entire area be evacuated?

The importance of frankness in explaining the potential dangers of certain materials and production processes was stressed by Mr. Edward Challis, ICI's production and environmental director, at a Harwell seminar on major hazard plant held earlier this year. He insisted that the key to safe management in a chemical plant or an oil refinery is a willingness to be open about the risks, together with good human relations.

"The fundamental problem in setting up a safe management system for potentially hazardous installations is how to bridge the gap between the technical understanding of hazards in the executive management and a similar understanding of those hazards in the process and repair crews who handle the plant," Mr. Challis says. "The dangers are less easily perceived by ordinary people who have not had a technical training.

Dangers

"It is easy to appreciate the danger from a massive machine tool or a ladle of hot metal; it is less easy to see the same danger in a large pump transferring gasoline at high pressure and temperature. The characteristic of a high technology plant which forms an installation of potential danger is its ability to produce a sudden emergency because of a fault which can only be appreciated by those who have a technical understanding of what is going on within the pipes, pumps and equipment.

"The matter is essentially one of human relations and human understanding. But this is frequently overlooked in the erudite discussions which take place around the technical problems of safety, security of containment and minimisation of damage when things go wrong."

Mr. Challis says it is vital for executives in potentially dangerous plants to have both good technical qualifications and sufficient experience of man management. Yet he warns that there is a considerable temptation for young graduates to try to run everything from their offices, partly because of their inexperience in managing people and partly from a natural desire to apply their technical expertise to calculation and design. The only way to prevent this is for senior executives to ensure that newly graduated managers spend a significant part of every working day actually in the plant talking to the men.

"Only in this way will they get experience of the small and sometimes silly things that go wrong in plant operation and repair and lead to conditions which may provoke an incident," Mr. Challis says.

He adds that it is also necessary to give special attention to the training of supervisors and operating crew—more so than in a general engineering factory, however well run. He makes the point that it is not enough for men to know what they have to do: they must also understand why.

Even after training it is important that clear operating instructions are available at all times and here again, senior people should ensure that young inexperienced managers do not clutter their written instructions with unnecessary descriptive detail. This is even more vital when it comes to the issuing of emergency instructions.

Mr. Challis says that since the Flixborough disaster many managements have found it useful to overhaul their emergency instructions and to put them in a loose leaf folder or on a small card that everyone on a high risk plant can carry with them. What is more, it has been found that the practice of giving people cards telling them where to go in an emergency has increased the confidence of employees rather than creating a sense of alarm.

The need to induce a feeling of confidence applies to local residents living nearby as well as to members of a workforce. The public is becoming increasingly aware of the potential dangers of certain kinds of plant, partly as a result of such disasters as Seveso and Flixborough. Mr. Challis says it is therefore important to do more than run a conventional public relations operation.

"A modern factory can be run efficiently, with minimum interference from external authorities, only if the public and its elected representatives have a feeling of confidence in the factory management," he says. "It is necessary to combat unreal and unwholesome fears engendered by over-dramatic presentation in the media."

He reckons the best way to do this is to make sure that local officials—councillors and other community leaders as well as fire chiefs and the police—know about the true nature of the hazards and know about company safety policies. He adds that "every reasonable opportunity should be taken to get some public involvement in the work of the factory."

Precautions

For example, a company might help support community projects or it could hold open-days and show local families round the plant. Open days do present some difficulties simply because of the potential danger but Mr. Challis says that if they are tightly organised there should be no insuperable problems. He himself feels they are a particularly valuable way of making a bridge with the community.

When ICI opened its naphtha cracker at Wilton in Teesside, it invited local people in on Saturdays, showed them round, provided tea and buns and gave them a demonstration of flaring. This was in 1969—before Flixborough. The net result was that nearby residents did not deluge the Wilton switchboard with phone calls about flame shooting into the sky every time flaring took place.

Mr. Challis says that sound management control systems such as work permits, authorisations for entry into vessels, records of storage, product handling and inspections and checklists for newly built or modified factories are all important to the safe running of, say, a big chemical plant. So, too is the use of automated equipment to contain an emergency, the provision of easy access for fire fighting machinery and a well designed plant that has been built with the advice of experienced managers in the field. But Mr. Challis stresses that these things must still take second place to human relations.

"Experience has shown that the best plant design, the strictest safety precautions and the most elaborate safety software will all run a high risk of failure unless the technical manager is closely identified with the plant he runs and the operating team that he leads. It is this aspect of human management which will perhaps turn out to be the most important feature of safe operation in the 1980s."

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● OFFSHORE INDUSTRIES

Lifeboat for divers

ONE OF the dangers that can arise for divers undergoing decompression in chambers on the decks of oil exploration platforms is a well blow-out or a fire.

The chambers—in which they may have to remain for several days—are too heavy to be lifted by helicopter, and premature removal of the men, who are being gradually brought back to atmospheric pressure and are breathing special gas mixtures, can easily be fatal.

Seaforth Maritime of Aberdeen, with £180,000 of assistance from National Research Development Corporation, is hoping to overcome the problem with a lifeboat rescue chamber which is bolted on the side of the main decompression chamber via quick-connection couplings. In an emergency up to 12 divers will enter the lifeboat which will then be lowered into the sea.

Life support systems on board will maintain constant gas mixture and pressure conditions for up to 24 hours, long enough to get the men to a fixed installation on shore.

It is envisaged that the craft will be lifted from the water by helicopter, on to another vessel by crane, or towed to the shore.

The lifeboat chamber will be about 21 ft in length, 7 ft in diameter, and will be provided with three entrances, four viewing ports and a service lock. Overall weight is expected to be about 30 tons.

When in use as a routine decompression chamber it will accommodate four divers and will contain sleeping bunks, seats, tables, together with lavatory, shower and washing facilities.

More from the company at West North Street, Aberdeen AB9 2TD (0224 26333) or from Mr. David Anderson of NRDC in London on 01-828 3400.

● METALWORKING

Getting the right melt

A RANGE of re-melt master alloys in shot form for small furnace additives has been introduced by BSA Metal Powders, Montgomery Street, Birmingham 11 (021 773 7386).

The company claims to be Europe's largest manufacturer of high alloyed powders and says the re-melts are a logical extension to present products which are mainly used for sintering, brazing and metal surfacing.

The re-melt master alloys are available with iron, nickel, cobalt and copper bases and come in mainly spherical form, varying in sizes from 2mm to 10mm. Tailor-made alloys can also be produced to meet customers' special requirements.

As a furnace additive the shot offers greater convenience over present methods of making small additions to the melt. Often, these are made by attempting to cut an accurate quantity of the required alloy from a cast stick. Now in metal shot, precise quantities of the additives can be selected to give more accurate control as well as being labour saving.

Other applications for these re-melt shots could vary from small casting procedures, such as in dental work, to shot blasting and repairing blow holes in castings.

● FINISHING

Better surface for doors

PART OF the expansion programme involving a £$\frac{1}{2}$m investment at the Coventry-based wood components company H. Burbidge and Son, includes an automatic spraying, finishing and drying line for finishing work. The machinery is manufactured by the German Charvo company and, says H. Burbidge, it will increase production of doors for kitchen furniture—a major product line.

Final commissioning is now complete and full production has begun. As the line is designed for spray staining, it enables the company to finish its products to a completely uniform colour and tone which is said to represent a major step forward from the more traditional hand spraying which does not always give a consistant colour film thickness and so does not produce an even colour over the natural wood.

Another major advantage of the drying tunnel is that it permits the use of special lacquers which give resistance to abrasion, chemicals, etc. Among these special finishes are polyurethane, melamines and acid catalysed lacquers.

Further from the company at Burnsall Road, Canley, Coventry (0203 78721).

● PROCESSING

Makes dust easier to deal with

IN MANY kinds of industry the creation of dust as a by-product of the process gives rise to problems of disposal, particularly when fine particles from 50 microns down are produced.

Even when successfully collected in filters, precipitators or cyclones, disposal is expensive and is likely to become more so due to legislation applicable at land-fill sites.

Schugi, a Dutch-based company, has consequently developed a compact continuous liquid and powder blending machine designed to disperse liquids into the fine powders cheaply, thereby "de-dusting" them.

Free-flowing granules in the size range 0.2 to 3.0 mm are produced which have good flow characteristics, can be more easily handled and processed and will disperse more readily in liquids than the fine powder.

The Schugi unit uses a spiral path granulation process and the neoprene wall of the mixer is continuously flexed to prevent build-up—it is self-cleaning. Capacities of up to 60 tonnes/hour can be provided. More from the company at 7, Mill Tye, Great Cornard, Sudbury, Suffolk (0787 77072).

Components blasted clean

HODGE CLEMCO is claiming that it has made a major advance in blast cleaning technology.

The company says it has designed a completely self-contained unit which gives the operator control of all aspects of the blast cleaning operation at the nozzle. It has called it the Blast Centre.

The unit is housed in a 4 ft steel cube to give maximum protection and make it easy to handle. Built around the company's 2040 machine and fitted with a remotely controlled metering valve for the abrasive, the unit incorporates a water injection system, which can be linked to a mains or static supply, and an air filtration system.

Weighing nearly 14 cwt, the unit also incorporates an electric remote control unit, water separator, silencer, pressure regulator and a choke valve which is controlled at the nozzle.

Once the operator has selected the required pressure and set the flow of abrasive, the Blast Centre can be closed up, the operator having full and instant control at the nozzle of a variety of blast cleaning operations: air and grit, air, grit and water, air and water, for washing down and air only for "blowdown."

Hodge Clemco is at Orgreave Drive, Sheffield S13 (Sheffield 697351).

● TEXTILES

Measures fineness of fibres

ALTHOUGH developed in the first instance to determine the fineness of wool (a limiting factor in the production of quality worsted yarn), an instrument described by the CSIRO Division of Textile Physics in Australia might well be suited to the study of other fibres.

A pinch of fibres is dropped, after prewashing in petroleum spirit, into the liquid circulating system of the instrument. The liquid breaks up the pinch and carries the fibres through a glass cell, where some of them intersect a circular beam of red light from a helium-neon laser.

The fibres scatter the light in proportion to their diameter and the scattering events produce pulses in a detector. The signals are fed into a computer programmed with a calibration table that assigns each pulse signal to a fibre diameter expressed in microns. Depression of a button produces a print-out showing the range of diameters together with the mean and the coefficient of variation.

Measurements are made by the unit independently of fibre orientation and the design is such that the instrument can discriminate between fibres that fully and only partly intersect the beam. Electronic discrimination in favour of only complete fibre intersection means that the average diameter attributable to the sample will be more accurate.

The laser analyser is intended to replace conventional methods of projection microscopy which are slow, tedious and costly and are also subject to operator error.

More from 338 Blaxland Road, Ryde, N.S.W. 2112, Australia.

● COMMUNICATIONS

Data from any telephone

AS THE idea of the "hotel room terminal" catches on—there are already portable telex and cypher devices on offer—Data Dynamics has announced a keyboard unit that allows the user to communicate with a computer while using a plugged-in television receiver to look at the data sent or received.

Communication to the computer is over any dialled phone line, via an acoustic coupler—a device which converts digital data into tones suitable for transmission. After dialling the processor's number the user simply places the handset in the cradle provided.

Contained within the unit is a UHF generator and modulator, allowing it to be plugged directly into the aerial socket of the television set. There is also a one volt video output enabling a monitor to be used.

The equipment, developed in conjunction with the company's French subsidiary, is known as Tele-Zip and is contained in an executive style suitcase. Weight is about 15 lb.

Data Dynamics says it sees a "huge potential" for the unit and has set the one-off price at £550.

The fact that the equipment, which is approved by the Post Office, can be used from any telephone makes it ideal for the increasing number of salesmen who have to book their orders straight into a computer.

Tele-Zip could also improve the efficiency of service technicians who, instead of trying to carry bulky manuals with them, could get specific diagnostic information on the screen in a few seconds.

Those who need to could get into contact with the company computer from their living room.

GEOFFREY CHARLISH

Radio will bring help

WITH A range that can be up to $\frac{1}{4}$ mile, a pocket radio transmitter measuring only $4 \times 2\frac{1}{2} \times 1$ inch, operated by press button, can warn of an emergency in a matter of seconds.

Operating at about 160MHz, the transmitters in a system would work to a central receiver and each could be specifically modulated so that a light panel at the central point could indicate the source of the emergency. In a large building this might be on a floor by floor basis.

Those who work or live alone and need to protect premises, cash or valuables, and people who lock up late at night when other staff have left (or arrive before others, in banks for example), can summon aid over a 999 autodialler connected directly to the receiver.

Alternatively, the dialler can be programmed to call a neighbour or relation and would prove particularly useful to those not able to reach a telephone quickly, or at all, in the event of a serious health problem. Applications are also expected in industry where operators might be working in potentially hazardous surroundings.

More from the supplier, Emergency Warning Systems, 44, Osnaburgh Street, London, NW1 3NL (01-388 7240).

● DATA PROCESSING

Versatility for micro

G.R. ELECTRONICS of Newport, Gwent, one of Commodore's microprocessor distributors, have announced several enhancements to the £150 Commodore KIM 1 microcomputer.

For example, a new video board allows KIM 1 to use a domestic television set as a visual display unit, with a capacity of 16 lines of 64 characters. In addition a memory expansion board provides 8000 bytes of RAM, and has provision for up to 8000 bytes of electrically programmable read-only memory.

For input purposes a pocket terminal has been designed, which can be plugged into the KIM 1. The terminal is a hand-held communications unit and allows input of the full ASCII character set from its 40 dual purpose keys.

More from Commodore Systems Division, 360 Euston Road, London NW1. 01-388 5702.

IBM still at the top

LITTLE surprise can result from the finding of the latest research by IDC that IBM still holds the lead in most parts of Europe with an overall 56 per cent of the installed number of general purpose computers (54.5 per cent by value).

In the UK, however, ICL is continuing to show steady growth and now has nearly as many installed systems as IBM (32 versus 33 per cent). The British company is also steadily building up its installed base outside the UK, particularly in West Germany, France, Benelux and Switzerland.

The latest edition of European Computer Market Dimensions from IDC elaborates this data and also contains nearly 100 different analyses covering the structure and size of computer market in Europe.

The publication has 117 pages and is priced at £495. More from IDC Europa, 2, Bath Road, London W4 1LN (01-965 9222).

● TELEVISION

Multiple games for the screen

NICELY TIMED for the Christmas games buying peak is the introduction by General Instrument Microelectronics of a new set of cartridge-based programmable television games systems.

Called System 8601, these circuits include clock generator, colour encoder, modulator and a selection of cartridge microcircuits which will enable fully programmable games systems to be built at low cost.

When marketed by equipment manufacturers, each product will incorporate a console into which individual game set cartridges are slotted. Each of these contain individual games microcircuits, with interface circuits, and all the sets will have realistic sound generation and on-screen scoring.

The new games have the somewhat martial titles of "Target" (the 8607 with 12 different games), "Wipeout" (the 8606, 24 games) and "Warfare" (8605, 10 games).

The company says it has introduced the 8601 only after extensive consumer preference studies. It intends to consolidate an already noticeable market lead by adding perhaps half-a-dozen additional cartridges over the next 12 months.

More from 1, Warwick Street, London, W1 5WB (01-439 1891).

● HANDLING

Hoists for heavier work

PARTICULARLY APPLICABLE in the offshore oil industry, shipbuilding, and power station maintenance and repair work, is a range of heavy capacity hand chain hoists called Litalift 128, says Herbert Morris, PO Box 7, North Road, Loughborough, Leics LE11 1RL (0509 63123).

Five and 10 tonne units are available for hook suspension or are built into a travelling trolley while 15 and 20 tonne hoists are for hook suspension only—suitable for hooking into Morris 15 and 20 tonne travelling trolleys. All travelling trolleys have ball-bearing runners as standard and are available for either push or geared travel.

The range features common wearing parts to reduce stock holding of replacement parts and improve availability by reduction of variety. Similarly, a common load chain and common hand chain are used throughout the range.

Workers are lifted to job

BARLOW HANDLING is marketing a personnel working platform which can be fitted to many types of fork lift truck.

The platform, promising a wide variety of uses from general maintenance tasks like changing lighting equipment to occasional visual stock taking work, can be fitted to any counter-balance lift truck providing it has a capacity of over 907 kg, and the platform load (excluding passenger's weight) does not exceed 227 kg at 61 cm load centres. It is constructed of 5 cm by 5 cm hollow section steel with 4 sq cm steel mesh enclosing all sides of the platform.

A rigid tread pattern floor of "Expamet" provides extra strength and gives a clear view beneath the platform for safe lowering. Visibility and safety at height is ensured at all times by a sheet of thick perspex which is at operator height and which separates the mast section from the working areas of the platform.

Further from the company at Airfield Estate, Maidenhead, Berks SL6 3QN (062 882 2151).

● ENERGY

Look at energy use

FURTHER signs that the U.S. Government means what it says about cutting back energy consumption in that country is afforded by the announcement that its Department of Energy has placed $\$\frac{1}{4}$m of study contracts to try to cut back the 120bn kilowatt hours used by industrial electrolytic processes each year.

The sponge-like energy requirements of aluminium and chlorine production are mainly responsible, and the aim of the studies will be to survey alternative industrial electrolytic processes and identify those most suitable for further research.

More energy is consumed by these processes in the U.S. than that produced each year by the Tennessee Valley Authority and there are already indications that about 10 per cent of it could be saved simply by improving components and processes at present in use in the aluminium and chlorine industries.

LOMBARD

No more mystery in Eurodollars

BY SAMUEL BRITTAN

"OF THAT which one cannot speak, one must remain silent." These much quoted closing lines of Wittgenstein's Tractatus are not a bad motto for economic journalists either. It is many years since I was first rebuked for not writing more about Eurocurrencies. Since then the total of externally held currency deposits—of which the Eurodollar is only the most prominent example—has risen by leaps and bounds and according to the Bank of International Settlements now amounts to nearly $400bn (or two-fifths of a trillion dollars). This is quite a lot *even with some double counting.* Eurocurrency holdings now account for a substantial proportion of the world's money supply.

These large numbers have made many people's flesh creep. Some have seen in the expansion of Eurocurrencies a source of inflation quite outside the control of governments. The fact that there are no legally prescribed reserves against Euro deposits has led to a debate on the size of the Euro multiplier, i.e. the amount of loans and deposits that can be pyramided on the basis of an initial *$1 deposit in a non-*American bank. Estimates of this multiplier have ranged from one to infinity.

Defaults

There have been anxieties that billions of Eurodollars "sloshing" around the world would dominate foreign exchange markets. Fears have been *expressed* that major defaults in Euro loans could start off a chain reaction of bank failures which would make 1931 seem like a minor ripple. Best-selling novels have been written on which Eurodollar crashes have led to atomic wars and left the earth in desolation. In *The Crash of 1979* by Paul Erdman, a coup d'état in Saudi Arabia, leading to a switch of petrol funds out of dollars (Euro or otherwise), helps to trigger off a nuclear war in the Middle East.

But without some theory of a better-than-nothing kind about how Eurodollars fit into the world's monetary system, it has not been possible to comment sensibly on these alarms. For lack of any better procedure I have tended to ignore the prefix "Euro" and regard dollars as dollars and sterling as sterling, wherever it is held.

Now at long last there has been an attempt to fit the Eurocurrencies into a general analytical scheme by Prof. Robert Aliber of the Chicago Business School (entitled "The Integration of the Offshore and Domestic Banking System"). The basic argument is beautifully simple and provides at least a partial justification for treating Eurodollars as more or less ordinary dollars.

The Aliber thesis is that Euro deposits arise from the desire of banks to maintain normal, but no more than normal, ratios of cash reserves to total deposits. In many countries legally prescribed reserve rations are—for reasons of monetary policy—much higher than the banks would themselves choose out of commercial prudence. The *banks will therefore seek to* acquire more deposits overseas where compulsory reserve requirements do not hold. We do not therefore have to identify any special Eurodollar multiplier, but *only the commercially* chosen multiplier linking deposits to reserve assets for the whole of a bank's operations, domestic and overseas combined.

One line of thought, which could be developed from this theme, is that monetary policy would be more efficient if central banks concentrated on controlling the supply of reserve assets *in an amount related to the* deposit banks' own preferred ratios—and stopped prescribing arbitrary ratios which can in the end be avoided. An opposite line of thought, which Prof. Aliber develops himself, is that cash ratio controls should be extended from domestic to total deposits. This has hitherto been opposed, for instance by the Bank of *England, on the grounds that if* the Eurodollar markets were regulated in London the business would simply move to other centres.

Home country

But if the Aliber thesis is true the place to exercise control is not where the Eurodollars are held but in the home country of the bank concerned. The bulk of Euro deposits are accounted for by banks located in a few major *countries—and not in Tangier,* Ruritania or the Cayman Islands. Concerted action by the leading central banks would reassert control over this section of the world's money supply.

It is too early to be dogmatic on the policy issues. The main point is that we may now have a rational way of regarding Eurocurrencies as an extension of domestic banking rather than as some incomprehensible monsters liable to overwhelm us all and outside human control. Progress towards demystification is progress indeed.

AROUND BRITAIN

NORWICH

Battling to regain lost powers

BY DAVID CHURCHILL

MORE THAN a decade ago Norwich was the first English city to ban traffic from one of its streets — a decision taken to preserve the city's mediaeval buildings from the ravages of the motor car. But when Norwich's city council recently proposed to extend the pedestrian scheme from Saturday to the rest of the week as well — a move only taken after extensive public consultation — the motion was thrown out. It was vetoed not by the *elected members* of the city council but by Norfolk county council whose planning committee chairman, lives in a village some 50 miles away.

Although only a small issue this control over the city's internal affairs is just one of a multitude of frustrations felt by *Norwich* — and by over 30 other cities scattered throughout England — since the 1974 re-organisation of local government. This re-organisation, *brought in by a* Conservative Government, broadly favoured the approach that bigger was best.

Thus it was decided that responsibility for the major services — education, planning and social serives — provided by the cities (the former county boroughs) should in future be the responsibility of the county rather than city council. Apart from London and *six other major metropolitan* areas which retained their powers, the cities were stripped of their major functions.

Norwich was particularly upset by the reorganisation. Ever since 1404, when it was given a Royal Charter, the city had been fiercely proud of its independent status. The council's ability to organise its own affairs produced a place where the traditions of over 1,000 years are blended with modern office blocks and light industry. Norwich was especially proud of its work in preserving its architectural heritage—work which has been recognised with international awards.

Progressive

In recent years Norwich achieved a reputation for progressive ideas and a willingness to experiment where other local authorities drew back. The city, for example, was the first local authority in the country to build a hostel especially for the younger physically handicapped.

It was especially galling, therefore, to lose the means of maintaining this reputation for progress. Norwich, however, was not alone in being disgruntled. Virtually as soon as the reorganisation came into effect, many cities began lobbying for a return of their powers. *Initially this was led by the* nine major English cities—ranging from Bristol to Stoke—those with populations over 200,000 which were not given metropolitan status.

But last year Norwich and its neighbour Ipswich, began gauging the degree of support among the next tier of cities—those with populations between 100,000 and 200,000. Some 21 of these joined Norwich's campaign for a restoration of their powers.

Their campaign however has been branded as merely a political manoeuvre by the Labour Party, the traditional stronghold of which has tended to be in the urban areas. This view has been reinforced by the recent Labour Party report urging a restoration of responsibilities as a short-term change to the 1974 reorganisation.

But the battle cannot really be seen as a political one as a majority of the cities involved are Conservative controlled. Instead, it is a resurgence of the traditional split between the urban city and the rural county.

In Norwich's case, such a split is more marked. Norwich, with a population of 122,000, is the only major urban area in Norfolk. Traditionally the county has distrusted the "big spending" city council faced with urban problems of which the county has little or no experience. The county's attitude over Norwich's attempt to control the motor car in a mediaeval city reflects its basic failure to understand the city's planning problems. And the county's responsibility for the city planning function has led, since 1974, to a duplication of effort and the frustration and friction which this entails.

Norwich considers that one of the tragedies of the re-organisation was the way in which essential services were divided among the different authorities. Thus the county was given responsibility for education and social services, the city kept housing, and personal health services were the responsibility of the new area health authority.

"It was in co-ordinating these services and ensuring that they all worked together for the good of the individual family that Norwich was making great strides," the city council says in a letter to MPs. "It was an appalling blunder on the part of the Government at that time that these services, previously all controlled by the city, should have been separated."

A return of responsibility for the social services to the city would enable them to be co-ordinated with the housing services. This would be especially important, Norwich argues, in the realm of housing for specific groups such as old people and the single young and hostel accommodation which is at present arbitrarily split between the county and city authorities.

The city council's concern that administrative mistakes of the 1974 re-organisation are adversely affecting those groups of the population that can least afford it—the old, the sick, and the disabled—has led it to adopt an approach where possible of "topping up" the services provided by the county with city funds. Thus the city's housing department is forced to adopt a social services role in many cases to ensure that people do not suffer.

Financial loss

In other cases the city carries out the county's responsibilities within the city *on an* agency basis. This retains for the city the power to take the initiative and carry out the city council's wishes where possible, although such agency arrangements are carried out at a financial loss to the city.

But they also help overcome such nonsensical effects of the reorganisation as both the county and city authorities being responsible for cutting grass verges in the city.

Norwich would also dearly like to have responsibility for education returned to city hall. *A current* project to build an imaginative village complex just outside the city—with a mixture of council and private building in traditional Norfolk style—has been hampered by the county council's refusal to build a new middle school.

But a return of education powers is only likely in the immediate future for the "Big Nine" cities. A Government statement recommending this—but with the other powers to be returned to all the cities—is expected shortly. It is also likely to form part of Labour's manifesto for the next election.

Despite strong opposition from the county councils, even a new Conservative Government seems prepared to give in to Tory-controlled city pressure for change.

But Norwich's position remains clear. "Norwich is a proud city and though pride may be one of the seven deadly sins, *a* liberal dash of this quality is no bad thing in a local authority," argues Gordon Tilsley, chief executive of Norwich. "When the standard of services is in question, pride inevitably jerks the hand towards the pocket to find the necessary money."

Fast-improving Hatched can win Goodwood's Extel

RACING

BY DOMINIC WIGAN

ALTHOUGH Mr. Carlo d'Alessio's fast-improving colt Hatched did not win with as much in hand as connections expected when getting the better of Crimson Beau in a Newmarket handicap this month, I feel more than hopeful that he can take today's Extel Stakes at Goodwood.

The Henry Cecil-trained Thatch colt, who will give his sire a much-needed boost if successful, may have been undertaking a stiff task at headquarters in try*ing to give weight to Paul Cole's* strongly fancied Crimson Beau. I have little doubt that he could have pulled out a shade more had Mercer really roused him.

The pair who dominated that handicap with the rest eight lengths or more behind, may again have the finish to themselves for both Cunard and another Thatch colt, Hill's Yankee, would probaly prefer more cut in the ground.

The locally trained Dunlop filly Belitchbourne shaped like a certain future winner when running on close home after a slow break to finish fourth in a maiden event at Newbury recently. Unless there is a speedy newcomer among her opponents, she should win the opener, the Selsey Stakes.

I feel sure that the best has not yet been seen of Jimmy Etherington's sprinter Irish Gala and, in spite of a disappointing effort last time out, I take the *gelding to gain his second five-*furlongs course and distance victory in Thirsk's Sutton Stakes.

That highly successful American-based sire Grey Dawn (the only horse to beat the great Sea Bird II) clearly has another top notch performer in the much vaunted Boden's Ride. The bay —"*next* year's Derby winner," according to Ryan Price—fulfilled the Findon trainer's expectations by running out a smooth winner of yesterday's Foxhill Stakes.

GOODWOOD
1.45—Belitchbourne**
2.15—Philodantes
2.50—Hatched***
3.20—Bialistock
3.50—Le Soleil
4.20—Showpiece
4.50—Welsh Jane

THIRSK
2.30—Silver Cygnet
3.00—Keira
4.00—Irish Gala*
4.30—Moving Star

NEWMARKET
6.45—Nilustina
7.15—Doctor Wall
8.45—Cribyn

TV Radio

† Indicates programme in Black and White

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.55 Magic Roundabout. 10.00 Jackanory. 10.15 Pink Panther. †10.35 Belle and Sebastian. 11.25 Cricket: First Test—The Cornhill Insurance Test Series: England v New Zealand. 1.30 pm Trumpton. 1.45 News. 2.10 Cricket: First Test/Glorious Goodwood. 4.18 Regional News for England (except London). 4.20 Play School (as BBC-2 11.00 am). 4.45 Take Hart. 5.10 Tabitha. 5.35 The Wombles.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Tom and Jerry.
7.15 Hoe Down.
7.45 Young Dan'l Boone.
8.30 Sykes.
9.00 News.
9.25 Petrocelli.
10.15 Face the Music (London and South-East).
10.45 Regional News.
†10.46 The Late Film: "Thunderstorm."

All Regions as BBC-1 except at the following times:—

Wales—1.30-1.45 pm O Dan Y Mor. 5.10-5.35 Teliffant. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.20-7.45 Gwibdaith I Lanelwedd. 10.15 *Music in Wales.* †11.15 The Late Film: "Thunderstorm." 12.40 am News and Weather for Wales.

Scotland—5.55-6.20 pm Reporting Scotland. 10.15 Gold Rush 78. 10.45-10.46 News for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Lifetimes. 10.45-10.46 News for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.46 East (Norwich) Newscue; Midlands (Birmingham) Questions in the House; North (Leeds) Direct Line; North East (Newcastle) Friday North; North West (Manchester) Champion Brass; South (Southampton) Conversation; South West (Plymouth) Peninsula; West (Bristol) 1 x 50 High Speed Train.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.00 pm Glorious Goodwood.
4.30 Cricket: First Test — England v New Zealand.
6.35 Open University.
7.00 News on 2 Headlines.
7.05 Children's Wardrobe.
7.30 News on 2.
7.45 Westminster Report.
8.15 *Master Class.*
9.00 Jazz from Montreux 1977 with The Clark Terry Sextet and Joe Williams All-Stars.
9.25 Horizon.
10.15 The Devil's Crown.
11.10 Late News on 2.
11.20 Cricket: First Test (highlights).
11.50-12.00 Closedown reading.

LONDON

9.30 am History Around You. 9.55 Plain Sailing. 10.20 Oscar. 10.30 Animated Classics. 11.20 Stationary Ark. 11.45 Felix the Cat. 12.00 A Handful of Songs. 12.10 pm Rainbow. 12.30 Look Who's Talking. 1.00 News plus FT index. 1.20 Help! 1.30 Beryl's Lot. 2.00 After Noon. 2.25 Friday Matinee: "Three Hats for Lisa." 4.15 Children of the Stones. 4.43 Fanfare. 5.15 Cuckoo Waltz.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Backs to the Land.
8.00 Hawaii Five-O.
9.00 The Foundation.
10.00 News.
10.30 M'Lords, Ladies and Gentlemen.
11.30 Police 5.
11.40 Law Centre.
12.40 am Close—Xanthi Gardner reads from "The Prophet" by Kahlil Gibran.

All IBA *Regions* as London except at the following times:

ANGLIA

10.20 am Dynomutt, the Dog Wonder. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Rogue's Rock. 1.25 pm Anglia News. 2.25 Friday Film Matinee:—"A Girl Named Sooner." 5.15 Stars on Ice. 6.00 About Anglia at the Races. 8.00 The Incredible Hulk. 10.30 Probe. 11.00 Friday Late Film:—"The Fly." 12.45 am Christians in Action.

ATV

10.20 am Friends of Man. 10.45 Wild and Free-Twice Daily. 11.30 The Roger Whittaker Show. 1.20 pm ATV Newsdesk. 1.30 General Hospital. 2.25 Family Film Matinee: "Moon Zero Two." 5.15 Those Wonderful TV Times. 6.00 ATV Today. 8.00 The Incredible Hulk. 11.30 Quincy.

BORDER

10.20 am Dynomutt—The Dog Wonder. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Rogue's Rock. 12.30 pm The Story of Wine. †1.20 Border News. †2.25 Friday Matinee: "The Small Back Room." 5.15 The Partridge Family. 6.00 Lookaround Friday. 8.00 The Incredible Hulk. 11.30 The Law Centre. 12.30 am Border News Summary.

CHANNEL

1.18 pm *Channel Lunchtime News* and What's on Where. †2.25 The Friday Matinee: "Thunder Road." 5.15 Friends of Man. 6.00 Report at Six. 7.30 Oh, No, It's Selwyn Froggitt. 8.00 The Incredible Hulk. 10.28 Channel Late News. 10.32 Summer of '78. 11.00 TV Movie: Colombo. 12.35 am *News and Weather in French.*

GRAMPIAN

9.25 am First Thing. 10.20 The Beachcombers. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Rogue's Rock. 1.20 pm Grampian *News* Headlines. 2.25 Friday Matinee: "The Truth About Spring." 5.15 The Cuckoo Waltz. 6.00 Grampian Today. 6.10 The Fair Sex. 7.30 Bless This House. 8.00 The Incredible Hulk. 11.30 *Reflections.* 11.35 Grampian Late Night Headlines 11.40 The Law Centre followed by road report.

GRANADA

10.25 am Sesame Street. 11.20 Castaway. 11.45 Kathy's Quiz. 1.20 pm This Is Your Right. 1.30 Gambit. †2.25 Friday Matinee: "Here Come the Huggetts." 4.10 Cartoon. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Summer Sport. 7.30 The Many Wives of Patrick. 8.00 The Incredible Hulk. 11.30 Friday Film Premiere: "Sweet November." 1.25 am A Little Night Music with Marian Montgomery and Richard Rodney Bennett.

HTV

10.20 am People and Places. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Rogue's Rock. 1.20 pm *Report West Headlines.* 2.25 Report Wales Headlines. 1.30 Those Wonderful TV Times. 2.00 Women Only. 2.25 "My Six Convicts." 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Oh No It's Selwyn Froggitt. 8.00 The Incredible Hulk. 10.35 Music Makes People. 11.05 M'Lords, Ladies and Gentlemen.

HTV Cymru/Wales—As HTV General service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Camau Cantamil. 6.00-6.15 Y Dydd. 10.35-11.05 Outlook.

HTV West—As HTV General service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.20 am Dyno Mutt the Dog Wonder. 10.40 Tell Me Why. 11.05 Magic Circle. 11.35 Rogue's Rock. 1.25 pm News and Road Report. 1.30 Houseparty. 2.25 Friday Film Matinee: "The Small Back Room." 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Laverne and Shirley. 8.00 The Incredible Hulk. 10.30 Ways and Means. 11.00 Late Call. 11.05 House of Horrors.

SOUTHERN

10.20 am Adventures in Rainbow Country. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Rogue's Rock. 1.20 pm Southern News. 1.30 Those Wonderful TV Times. 2.00 Women Only. 2.25 Friday Matinee: "A Walk in the Spring Rain." 5.10 Weekend. 5.20 Crossroads. 6.00 Day by Day. 6.00 Scene South East. 6.30 Cuckoo Waltz. 8.00 The Incredible Hulk. 10.30 Southern News Extra. 10.35 Friday Horror Film: "The Vampire Lovers."

TYNE TEES

9.25 am The Good Word, followed by North East News Headlines. 10.20 Sixty Incredible Years. 11.05 Magic Circle. 11.30 Rogue's Rock. 1.20 pm North East News and Lookaround. 1.30 Challenge of the Sexes. †2.25 Friday Film Matinee: "The Small Back Room." 5.15 Gambit. 6.00 Northern Life. 7.30 Bless This House. 8.00 The Incredible Hulk. †10.30 Friday Film: "The Innocents." 12.20 am Epilogue.

ULSTER

10.20 am The Lost Islands. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Rogue's Rock. 1.20 pm Lunchtime. 2.25 Friday Matinee: "Africa Texas Style." 4.13 Ulster News Headlines. 5.15 The Flintstones. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 6.50 Police Six. 8.00 The Incredible Hulk. 11.30 Bedtime.

WESTWARD

10.20 am The Evolution of Life. 10.40 Tell Me Why. 11.05 Magic Circle. 11.30 Rogue's Rock. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. †2.25 The Friday Matinee: "Thunder Road." 5.15 Friends of Man. 6.00 Westward Diary and Sports Desk. 7.30 Oh No, It's Selwyn Froggitt. 8.00 The Incredible Hulk. 10.28 Westward Late News. 10.30 Summer of '78. 11.00 TV Movie: Colombo. 12.35 am Faith for Life.

YORKSHIRE

10.20 am Power Without Glory. 11.10 The White Stone. 11.35 Dynomutt. 1.20 pm Calendar News. 1.30 Houseparty. †2.25 Friday Film Matinee: "The Small Back Room." 5.15 Out of Town. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 Bless This House. 8.00 The Incredible Hulk. 11.30 *The Protectors.*

RADIO 1 247m

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.00 Ed Stewart with the Radio 1 Roadshow from Clacton-on-Sea. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Sports Desk (joins Radio 2). 10.02 John Peel (S). 12.00-2.2 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Richard Vaughan with The Early Show (S), including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House in Sheffield (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including Racing from Goodwood and 2.43 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk and 6.02 Cross-Channel motoring information. 6.45 Sports Desk. 7.02 *Victor Sylvester Jr. at the Radio 2 Ballroom* (S) including 7.30 Sports Desk. 8.02 Frank Chacksfield conducts the BBC Radio Orchestra (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.02 Games People Play. 10.30 Let's Go Latin with Chico Arnez and the Cubana Brass. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Morley (S). 9.35 BBC Northern Ireland Orchestra (S). 10.20 Young Artists Recital (S). 11.25 Cricket—First Test. Cornhill Insurance Series: England v. New Zealand including 1.35 pm News. 1.40 Playbill. 2.00 Lunchtime scoreboard. 6.00 Lifelines: *Leisure and Recreation.* 7.30 Proms 78, part 1: Schubert, Janacek, Hindemith (S). 8.50 Poetry Now. 9.10 Proms 78, part 2: Beethoven (S). 9.55 Drama Now (S). 10.40 Cabaret — Songs of the Jazz Era (S). 11.25 Mozart, chamber music on record. 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

VHF 6.00-7.00 am Open University. 7.00 With mw. 11.25 Schumann and Szymanowski, piano recital (S). 12.25 pm BBC Northern Symphony Orchestra, part 1 (S). 1.00 News. 1.05 Playbill (S). 1.25 BBC Northern Symphony Orchestra, part 2 (S). 2.15 Bruno Canino, piano recital (S). 2.50 Collectors' Corner. 3.50 Violin and Piano Recital (S). 4.45 The Young Idea (S). 5.45-7.30 Open University. 7.30 With mw.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today. Magazine, including 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Localtime. 9.35 The Life and Times of the Piano (S). 10.00 News. 10.05 Let's Get This Settled. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 *Performing Flea*: Self-portrait of the late P. G. Wodehouse. 11.50 *Old Wives' Lore* of Gardening with Bridget Boland. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather, programme news. 1.00 News. 1.30 The Archers. 1.45 Woman's Hour from Birmingham, including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre (S). 4.00 News. 4.05 A Victorian Romance. 4.35 Story Time. 5.00 PM Reports. 5.40 Enquire Within. 5.55 Weather, programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week from BBC Radio and Television (S). 8.10 Profile. 8.30 Many Reasons Why. 9.5 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending ... (S). 10.55 Nightcap. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Rocks Off. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late *Night London.* 12.00-Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

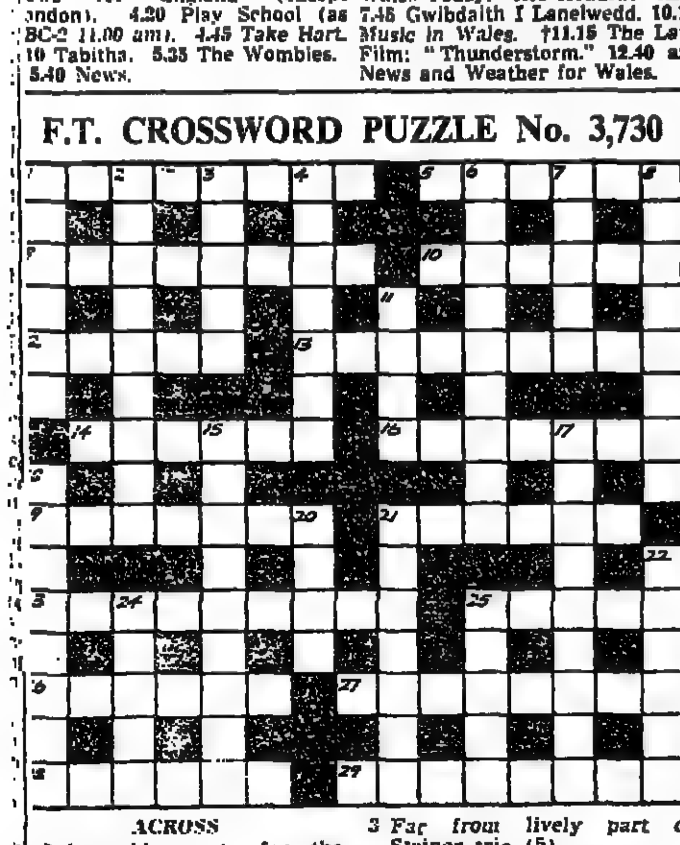
5.00 am Morning Music. 6.00 AM: Nonstop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight with Ian Gilchrist. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

194m and 95.8 VHF

6.00 am Graham Dene's Breakfast Show (S). 9.00 Tony Myatt (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Mike Allen's Late Show (S). 2.00 am Ian Davidson's London *Link International* (S).

F.T. CROSSWORD PUZZLE No. 3,730



ACROSS

Only cold sweets for the bench (8)
A vote is over (6)
Chatty article by accountant to employer that is . . . (8)
. . . untouched by fashionable diplomacy (6)
Review of books getting at Rhodesia's declaration within (5)
Look at composition of mascara (3, 4-2)
Rebuke for catching early train (6)
Shower for a dog (7)
Give a hand to dismount from *space launch* (4-3)
Part of word coming before jam (6)
Run to earth from racecourse to Irish county (5, 4)
Policeman has right to a part of coconut (5)
Crowd round international sportsman that went to a woman's head (3-3)
Right for Bill to join junior minister (8)
About to capture second camera shot (6)
Deal roughly with master and pupil on special outing (8)

DOWN

He does the dirty work for the sailor the French upset (6)
Speaks *forcibly* of what can be heard backstage (6, 3)
3 *Far from lively part of* Stainer trio (5)
4 Pressing for information in the way out (7)
6 Preserve thanks over peevishness flowing freely (9)
7 Speak about Zero tax (5)
8 Firm has a role that's considered different (3, 5)
11 Ropy material for male member (4)
15 Blow second drink (5, 4)
17 Aerial stabiliser to follow on the level (4, 5)
18 Veteran lord I met irregularly (3, 5)
20 Sweet made of fruit trifle (4)
21 Criticise expert over a remedy (7)
22 Relative cut part of Bible (6)
24 A doctor takes it in bounds (5)
25 Tell he's uncommon (5)

SOLUTION TO PUZZLE No. 3,729

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA

GLOBE THEATRE. 01-437 1592. Evgs. 8.15. Wed. 3.0. Sat. 6.0, 8.40. PAUL EDDINGTON, JULIA McKENZIE, BENJAMIN WHITROW in ALAN AYCKBOURN'S New Comedy TEN TIMES TABLE "This must be the happiest laughter-maker in London" D. Tel. "An irresistibly enjoyable evening." Sunday Times.

GREENWICH THEATRE. 01-858 7755. WILLIAM DOUGLAS HOME'S Newest play

SAVOY THEATRE. 01-836 8888. TOM CONTI in WHOSE LIFE IS IT ANYWAY? with JANE ASHER "A MOMENTOUS PLAY. I URGE YOU TO SEE IT." Guardian.

SHAFTESBURY. CC 01-836 6596. Shaftesbury Ave. (High Holborn end) "FANTASTIC" GODSPELL "BURSTING WITH ENJOYMENT"

ART GALLERIES

Maggie Jordan and Jane Lee Leonard Burt

Half Moon

Tigers in the Snow

A piece about four recalcitrant female inmates of a mental institution would have to be strong stuff to come across in any circumstances, but on a warm July evening, and in Dave *Marson's static dramatic confection*, the upshot is difficult to recommend. Apparently based on the real case of one Vera Bell, an antagonistic Glaswegian alcoholic prostitute with a criminal record, the play sets out to show how social victims are conditioned into unthinking obeisance under a restrictive medical system of party games, false flattery and *empty promises*.

The theatre has been trans*formed* into an antiseptically white chamber whose everyday routine buzz is threatened by the irruption of Vera, played by Maggie Jordan with a strong line in dismissive contempt. Her companions include an incontinent middle-aged snob (Elaine Ives-Cameron); a stage-struck remnant of Vanessa's Loonies whose father has apparently hounded her with private detec*tives (Eve Bland)*; and a *sharp*-featured waif (Lizza Aiken) who removes her nightgown in front of the male nurse with the *pathetic demand to be treated* as a woman, not as an object.

Mr Marson has previously written with real imagination about the enclosed worlds of dissenting schoolboys and Government Instructional Camps of the 1930s. But his sense of theatre has deserted him here, as one painfully contrived scene follows another. Only when the frustrated actress's mother visits her with an embarrassing lack of suitable vocabulary does the evening come remotely alive. Eve Bland is a husky new voice with statuesque presence to match. The director is Sue Parrish

MICHAEL COVENEY

Guildhall, E.C.2

Carl Flesch Competition

A well-aimed grenade, metaphorically speaking, has stirred the calm waters of the Carl Flesch Competition for Violin. It was flung by none other than the director of the competition, Yfrah Neaman of the Guildhall School of Music.

Having just returned from *serving on the jury of the* Chaikovsky Violin Competition in Moscow, Mr. Neaman declared in an interview in last Saturday's *Times* that such competitions could be a disservice to art. They could exalt "technique and flair" at the expense of deeper musical qualities. He confessed a distaste for both the joint winners in Moscow—a Russian and an *American—and claimed that* some of the jury had been "forced" to give awards to those of whom they did not approve.

This raises the question whether Mr. Neaman should not have resigned from the Moscow jury on the spot rather than complain afterwards. It also suggests the need for a keen scrutiny of the standards and procedure of the London competition — named after Carl *Flesch, a German violin peda*gogue who found refuge here from the Nazis. Six finalists—accompanied by the Royal Liverpool Philharmonic Orchestra under David Atherton—have been competing for the £2,500 first prize and other awards.

Due emphasis is placed on the requirement to play Bach and Mozart at the earlier eliminating *rounds*. In the final round, a choice of concertos is confined to Beethoven, Mendelssohn and Brahms—I suppose with the idea of barring more "showy" pieces. But much must depend on the jury itself which (as at Moscow, I believe) always seems to be chosen almost wholly from violin teachers. No music critics, I am immodest enough to remark.

Of Wednesday's finalists (two Bulgarians and a Pole) all satis*fied the demand for thinking* musicianship, and two were outstanding. Vanya Milanova (who outstripped her compatriot, *Valentin Stefanov*) played Mendelssohn's concerto with a combination of tenderness and brilliance which would have won her an ovation from the most sophisticated of audiences. To follow this with the more ponderous Brahms concerto was hard, but Krzyzstof Smietana did so with admirable artistic skill.

ARTHUR JACOBS

Oxford Playhouse

Time of Life

Charles McKeown's cautiously *titled comedy starts one spring* afternoon after a family bereavement. Middle-aged Paul Saunders who runs his father's bookshop has lost his mother Clara. He, together with his garden-loving wife, Margaret, his brother-in-law David, and his pregnant sister Alison, gather at the back of the shop for a tepid wake of tea and sandwiches. His *callous son, has gone* to the pictures.

At this point very little looks likely to grip or to provoke. While it is true that David is out of work and Margaret utters non sequiturs suggestive of inner *collapse, neither tiresomely droll* Paul who at times quotes Hamlet, or his shrewish sister seem capable of working up much comic heat. *But the elderly* widower George, whose arrival is held up because he stopped off to kit himself out like a teenage motor cyclist and equipped himself with a machine, sends them all into giddy confusion. George hurls himself lecherously after his grandson's girl friend (she works in the shop and he is attracted by the loving way she *handles* books), but by the end even he grows tame as a provider of light relief. He tells them the girl is having quad*ruplets; the rest of the family* fear she will inherit the book shop after his death. So Margaret, horrified at the thought of losing her garden, tries to kill *him*. Logic fails Mr. McKeown even at the feeble climax, for presumably the girl's death would be more desirable.

Moray Watson and Hildegard Neil

The cast, under Guy Slater's direction, give circumspect treatment to many of the lines, as if unsure of their quality: in the event an approach which is *justified. Even so*, Martin Read as David and Petra Markham as the girl-friend give lively performances, the latter with much charm, while Moray Watson and Hildegard Neil do their best with Charles and Margaret.

GARRY O'CONNOR

Albert Hall/Radio 3

Davies's symphony

I found Peter Maxwell Davies's *new first symphony* a complex and striking work at its premiere in the Festival Hall last February. There was much to take in. It is a considerable piece—in length (55 minutes), in substance, in richness and variety of working. *It is a "difficult"* work, which makes as considerable demands on its audience as it does on its players. Yet it is in many ways happily accessible: it makes simple and recognisable propositions, and speaks a not *unfamiliar language*. At the symphony's second public hearing on Wednesday evening, a Prom performance by the Philharmonia under *Simon Rattle* (who together also gave the premiere), the picture began to fill out substantially, and the detail to solidify.

The individual character of each movement, particularly, its pace and shape, *easy to lose sight* of in such a swirl of activity, became far more clear. And it is indeed a busy score: full of urgent conversation, the swell and surge of many voices supporting and contrasting even the broadest gesture. *In the first* movement, bright calls of brass find flickering echoes everywhere in strings and woodwind; even the simplest and most affecting lyrical string melody—and there are many—is sung to a *moving* background, a back-projection constantly changing, shifting in colour and emphasis. The brilliant climax of the finale pages is not so much a *single* symphonic assault as a massive culmination of arguments shouted in chorus.

But the score is rich, too, in moments of quieter and more intimate resonance: moments especially, very characteristic, of quick, intimate evocation, most often prepared for but until the *moment* itself only half perceived—a sudden breathtaking Orkney seascape without limit or distance; a skyscape of the purest, *darkest blue, shot with* numberless stars. The adagio slow movement I found once again the heart of the symphony, its stillest and most absorbing point: restless tremolandi like *rainfall, divided by a solo violin* reaching up with a song of almost Straussian sweetness; a succession of instrumental knots tied ever more tightly, every note a surge, a gathering of intensity, released into a sudden reverse climax, dark retrospective, strikingly beautiful.

And much elsewhere also, among the familiar methods of *quotation, fragmentation and* transformation—not least in the germ of the symphony, the second movement lento-to-scherzo which Davies composed first of all, alive with delicate traceries, swirls of strings and wind, the plainsong *of "Ave Maris Stella" slowly* transformed into a twilight, faery scherzo, blown apart like smoke at its end, a sudden, magical evaporation. And in the last movement a haunting thrill of birdsong before the final knot, proudly tied in a broad parallel with the finale of Sibelius's Fifth —a triumphant passacaglia, dismissed by a sequence of stabbing sforzando chords.

DOMINIC GILL

Cinema

The Band and the Bees

by GEOFF BROWN

The Last Waltz (U) London Pavillion, Classic Oxford Street, Gate Russell Square

The Swarm (A) Warner West End, ABC Shaftesbury Avenue, Scene Leicester Square

House Calls (A) Plaza 1

Wombling Free (U) Studio 1

Cria Cuervos (AA) Gala Royal

I seem to have stopped rocking some years ago, but every*one else is carrying on loudly* and furiously. Next week the National Film Theatre begins a season called "Rock Movies in the Seventies," hopefully subtitled "Emergence of the New Musical," though the opening film—Martin Scorcese's *The Last Waltz*—is now playing commercially at selected swinging venues. As rock documentaries go, this record of the final public concert by The Band on Thanksgiving Day 1976 is disarmingly straightforward. A few shots of mean streets surrounding the Winterland theatre in San Francisco serve as the director's calling card, but *otherwise Scorcese keeps in the* background. As interviewer of The Band's fivesome he is casual, almost unprofessional: questions and answers are repeated and rephrased for the cameras; "Get that fly!" he shouts as a wandering insect *buzzes around. The interview* segments are nevertheless vital to the film's effects, as The Band expound with varying lucidity on the pressures and hardships of the rock music life, the hovering spectre of early death, the decision to call it a day after 16 years existence—first as The Hawk, subsequently as supporting band to Bob Dylan. "I couldn't live with 20 years on the road," says Robbie Robertson, lead guitarist and the film's producer—"I don't think I could even discuss it."

Interviews alternate with numbers from the concert which was promoted and staged as a celebratory *farewell. The building* may be seedy outside, with a few letters unlit in its illuminated sign, but the stage itself is incongruously lush.

Chandeliers (loaned apparently from Twentieth Century Fox) hover above the musicians, while behind them stand parts of the San Francisco Opera Company's set for *La Traviata*. Armed with eight cameramen and a 24-track recording system, Scorcese *soberly and intelligently catches* The Band's golden oldies and the turns by their supporting cast of famous friends—Bob Dylan, Neils Young and Diamond, Joni Mitchell, Muddy Waters, Van Morrison, Eric Clapton. For all the passion and jollity of the music, the film doesn't seem to encapsulate an era as well as *Gimme Shelter* or *Woodstock* (on which Scorcese served as an editor). As a piece of cinema, however, it is far preferable.

*

*For non-rockers there's alter*native fare available. Connoisseurs of big bad films certainly shouldn't miss Irwin Allen's *The Swarm*, in which a mass of no-good bees from Brazil almost kill off a wide selection of Hollywood notables past and present. It is irresistible, though *only* as unintentional comedy. The tone is set early on with the words *of the pilot as his cockpit is* invaded: "Oh my God," he rattles off, "bees, bees, millions of bees!" Millions of similarly daft, unsayable lines pour from the Panavision screen, penned by Stirling Silliphant (who provided a similar service for *The Poseidon Adventure* and *The Towering Inferno*). "I need to talk to an immunologist!" pronounces Katherine Ross's Air Force doctor; "Is it me you see or a bee?" world-famous entomologist Michael Caine asks her an hour or so later, after bee stings *and a developing love affair* have confused her. And so it goes on.

Henry Fonda gets the wheel*chair role of Dr. Krim*, a wonderful scientist whose hero's death causes Caine to fondle his specs with impeccable pathos. Richard Widmark stomps and barks, military and bullish; Bradford Dillman snaps at his heels, passing on orders. Even Fred MacMurray and Olivia de Havilland pop up, grotesque and unwatchable. Despite the gross *stupidities of its script, the film* might still have earned something more than affectionate hoots if the production had been *affective. But this is the* gimcrack kind of blockbuster and L. B. Abbott's special effects are remarkable only for their audacity. One is constantly aware of corners being cut: for the final round against the bees, Houston is neatly evacuated offscreen, thus saving Allen from recruiting and paying a city's worth of extras. Fonda, *MacMurray and Jose Ferrer even* seem to share the same bow tie. Awful or not, I loved every other minute of it.

*

House Calls is a deliberate *comedy*, though for one starring Walter Matthau and directed by the astute Howard Zieff (responsible for *Slither* and *Hollywood Cowboy*) *it is sadly limp* and laborious. There's nothing much wrong with the direction and nothing at all wrong with Matthau, except that the film goes over ground already covered with the eccentric romances featured *in Kotch, A New Leaf* and *Pete 'n' Tillie*. However, as with *The Swarm*, there's a great deal wrong with the script, unhealthily credited to four hands. Prominent among them are humourist Max Shulman and Julius J. Epstein, whose career stretches back to *Casablanca* and beyond. Epstein also wrote *Pete 'n' Tillie* for Matthau, and the present film expands on its ultimately soggy mixture of satire and sentimental whimsy.

Matthau is a doctor at a hospital whose *chief of staff (Art* Carney) is senile enough to be one of the patients: while Carney bumbles and dozes, Matthau shuffles to and from operations and various mistresses, delivering lines and moving about with his usual inimitable effect. His co-star and newest *mistress* is Glenda Jackson, for me a lady of iron charms, playing one of those nebulous American business people whose business (here, cheesecake) leave them with endless free time and a set smile. They do not make a happy couple. Much of the background jokes at the hospital work well, but the main material lurches from strident slapstick to winsome silliness. Finally the film almost keels over with senti*mentality, with Matthau com*mandeering an ambulance to be reunited with Jackson after one of those misunderstandings writers invent to pad out their script to the required length. *The film also earns no marks for* employing the excellent Richard Benjamin only to give him nothing to do; he isn't even attacked by bees.

*

School is now out, and most *critics have been throwing rotten* eggs at *Wombling Free*, Lionel Jeffries' latest entertainment for children of all ages. This is a fate it doesn't deserve, though the film plainly falls some way below the level of *The Railway Children* and *The Amazing Mr. Blunden*. And it was bound to fail in some degree, for the main characters (puppet stars of a *five-minute* BBC series) have only limited mobility. Wombles, as the script reiterates, are "four feet, fat and furry"—*capable of shuffling along pic*turesquely but not a great deal else. Yet Jeffries still gives these ecologically minded in*habitants of Wimbledon Common* many imaginative things to do: he dresses them up as Buckingham Palace guards, kits out a Scots relative with a Heath Robinson car, puts them through parodies *of Hollywood musicals* in a decayed cinema (the Womble version of *The Sound of Music* is particularly fetching).

What Jeffries doesn't do, however, is involve them in a sturdy plot which would help carry the film along in between novelties. Without such support, *Wombling Free* becomes a series of delaying tactics — many of them delightful, some of them admit*tedly too close to the worst of* Disney. Through all the film's undulations there are still the pleasures of the Womble burrow (the walls lined with newspapers) and the splendid acting *of Frances de la Tour as the* mother of the Wombles' first human ally. "Not *another* of your imaginary friends, dear, like *Jimmy Wonky*?" she says to her daughter with well-bred tiredness.

*

Children are also heavily involved in *Cria Cuervos*, a Spanish film written and directed by Carlos Saura, featuring Ana Torrent (the child from *The Spirit of the Beehive*) and Saura's wife, Geraldine Chaplin. But instead of seeing Jimmy Wonkys and Wombles, the nine-year-old heroine sees things which deeply perplex and disorientate. Descending the stairs one night she observes her philandering father on his death*bed while his mistress hurriedly* departs. Memories of that moment (and memories of her late mother, dead before the film begins) *dominate her subse*quent life with two sisters, a neglected grandmother and an Aunt Pauline, who brusquely takes over the Madrid household. As *The Spirit of the Beehive* showed, Ana Torrent is the proud possessor of large, dark, wondering eyes: when Saura channels the drama through her face, the film is fairly successful, as the child's steady gaze mirrors conflicting emotions of fear and awe, intimations of sex and death. *But Saura cannot leave* well alone: past, present, future, reality and dream shift about unrewardingly. The film is never *unwatchable, but the tale it tells* is irritatingly tangled.

Van Morrison, Bob Dylan and Robbie Robertson in 'The Last Waltz'

Festival Hall

Mythical Hunters

Had it not been for the presence of Glen Tetley's *Mythical Hunters*, on Wednesday, the second Batsheva programme would have to be accounted dire. *Mythical Hunters* happily proved yet again — when will dance *companies learn? — that good* choreography makes dancers look good. The reverse was horridly shown in the opening *Step by Step with Haydn* by Paul Sanasardo, in which a dreary assemblage of steps was laid like a wet blanket atop a Haydn quartet (No. 6: Op. 20). I could discern no relationship between the clear, *formally precise beauties of the* score and the tedious comings and goings of the dancers. To compound the felony, the dancers themselves looked dull, lumpy; their style cloudy and imprecise, with no dynamic edge to movement.

Mythical Hunters, which the company brought to Bath a decade ago on their first visit, at least stretches them, opens out the men's bodies in big pounding entries, and makes the women look less physically con*strained. Its argument is the* chase—hunter and hunted: the quest for a mate—and it sits well on the company, among whom David Dvir gives a full-blooded and rhythmically exciting performance.

The programme book announced a "pas de deux with Galina and Valery Panov," which turned out to be the footling *Belong* which was seen on the first night and is not ageing well. Its companion piece in the middle of the evening was *As I Wish*, extremely cross dancing by Yair Vardi to extremely cross music by Ginastera (two movements of his second quartet). It was *danced by Tamar Tzalrir and* Roger Briant, who were seen as lovers neurotically at odds with each other. I derive no pleasure, and see *no point in this choreo*graphic bickering.

CLEMENT CRISP

Temirkanov for RPO

Yuri Temirkanov, the 39-year-old Russian conductor, has been appointed principal guest conductor of the Royal Philharmonic Orchestra.

Mr. Temirkanov, music director of Leningrad's Kirov Opera and Ballet, made his first appearance in London only nine months ago.

The orchestra's chief conductor, Antal Dorati, will become Conductor Laureate from the *start of the 1978/79 season*.

The chairman of the RPO, Mr. John Bimson, said that the 1977/78 season had been on *of the best financially in the* orchestra's history. Turnover had reached £1.1m and a £31,000 surplus had been used to reduce the orchestra's large deficit.

One of the main reasons for the improved financial results was the substantial increase in sponsorship—from £35,000 for the previous year to a record £70,000 in 1977/78.

Legal and General Assurance Society was again leading the field, the £25,000 promised for the coming season raising the total it has given to the orchestra over six years to £130,000.

Mr. Bimson said that three *Japanese companies—Hitachi*, Mitsui and National Panasonic—had joined the ranks of Corporate Members.

Other new RPO sponsors included Booker McConnell, Hill Samuel Life Assurance, Consolidated Gold Fields, Ductwork, Wates and Johnson and Johnson.

Kuoni Travil is sponsoring the orchestra's tour of Switzerland in May.

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The old time religion

THERE WAS a time when the National Institute in London could be relied upon to say with some regularity that demand was rising too slowly and that a stimulus needed to be given to prevent unemployment from increasing. When demand was obviously very buoyant, as in 1973, its role was to warn of the dangers of giving it a check. This function has now been taken on at an international level by the OECD Secretariat.

The main object of the OECD July Economic Outlook is to persuade "strong currency and convalescent" countries to stimulate demand. Although the original intention to publish before the Bonn Summit was apparently discouraged by member Governments, the Secretariat will certainly have found ways of conveying the views to Governments. The basic message is simple. On the basis of pre-summit policies, the OECD economists expected output to rise by about 3½ per cent per annum up to the beginning of 1979—or much the same rate as last year. This was not in their view fast enough to reduce unemployment, and it put at risk the small reduction achieved in the first half of 1978.

Fine-tuning

The OECD view is that the injection of additional purchasing power" (by which it means increasing Budget deficits, at least initially) of ½ per cent of the industrial world's total output would, after taking into account second round and later effects, raise the area total growth rate to 4½ per cent. The hope is that fine-tuning will work better on an international than on a domestic scale, as it would involve fewer balance of payments problems. Indeed the OECD believes that a concerted stimulus led by "strong countries" such as Germany and Japan would in fact reduce the present current account imbalances.

There are, of course, serious questions about whether it is possible to raise output and employment in an inflation conscious world simply by injecting more purchasing power. The summit leaders did not attempt to resolve the intellectual arguments, but endorsed a series of national programmes, such as the German measures announced yesterday, which represent a compromise between the expansionist enthusiasm of the OECD and the scepticism of the monetarists.

Those who believe that fiscal and monetary policy affect mainly output and employment, and that inflation is a matter of incomes policy, will cheer the OECD report. Those who believe that injections of purchasing power mainly affect the rate of inflation will tend to reject it. The two sides may find common ground on the tax issue. If a decision to give a stimulus has in any case been taken in a country, tax reductions will have a less harmful *effect on inflationary expectations* than increases in Government spending. But the OECD seems to be going beyond this and saying that increased Budget deficits will be entirely beneficial, so long as the stimuli take the form of cuts in consumer taxes and similar measures. This approach was tried before in the UK during the Heath Government when it was known as the "at a stroke" theory, and was not conspicuously successful.

Personal savings

The dangers to output and employment from renewed inflation are indeed mentioned in the OECD Report, particularly in discussions of individual countries. The relative optimism about the UK inflation rate is based on the assumption that the rise in earnings will be only 7 per cent next year, or half the present rate. If earnings were to rise more than 10 per cent, the OECD warns personal savings could rise and *business confidence* weaken, leading to a slowdown in the growth of output. What is missing is a recognition that changes in wages do not just happen, but *are related to monetary*, fiscal and exchange rate policy.

There is no need to go to the other extreme from the OECD and ask governments to balance budgets in recessions, or to assume that the world economy is quickly self-righting in the face of shocks such as the OPEC oil price increases. The point *rather is* that *much of* the apparent unemployment and unused capacity in the world today reflect basic structural problems or unwise policies of *a non-financial* kind. *They will* not be cured by simple demand boosting measures.

A success for Carter

PRESIDENT CARTER is having more luck in persuading Congress of the merits of his foreign policy initiatives than he is with his domestic policies. While his energy programme remains stalled, the President has now brought off a series of foreign policy victories, the latest of which were this week's Senate votes to lift the Turkish arms embargo and maintain sanctions against Rhodesia—at least for the time being. *After* successfully pushing through the Panama Canal Treaty and the Middle East fighter deal, President Carter had singled out *the lifting of the Turkish* arms embargo as his top foreign policy priority.

Embargo

It has long been clear that the embargo was failing to achieve its stated objective, which was to persuade Ankara to give ground over Cyprus. Indeed some months ago Mr. Bulent Ecevit, the Turkish Prime Minister, successfully turned the tables on Washington by establishing it as Turkish policy that there could be no solution to the Cyprus issue while the embargo remained in operation. Meanwhile, the embargo has seriously weakened NATO's forces in a key strategic area and caused severe political strains in the Alliance. Greece, of course, has reacted with dismay to the Senate vote. It is arguable, however, that the line the Senate has taken could be more *effective in inducing* Mr. Ecevit to make concessions. The position now is that the embargo would be reimposed if there were no sign of movement on Cyprus, in the light of progress reports every two months by the Administration. The final lifting of the embargo, however, still depends on approval by the House of Representatives. Given the strength of the Greek lobby, this is by no means a foregone conclusion. Mr. Ecevit has probably helped matters, however, by carefully refraining from giving the Senate vote too ecstatic a welcome. In practical terms, it is in any case unlikely that Turkey will be able to find the money for major arms purchases in the immediate future.

On the second issue, Rhodesian sanctions, feeling in the House is much less strong. There is as yet no plan to follow the Senate in tacking an amendment on sanctions on to the foreign assistance bill when it comes to the vote in the House next week. The House may nevertheless be asked to approve the Senate's position after conference discussions.

The main change in U.S. policy implied by the Senate vote is the provision for Washington to lift sanctions unilaterally, rather than in concert with the United Nations. That *could cause trouble in the* future. For the moment, the most important point is that the Senate has firmly rejected a move to lift sanctions immediately. Such an act would have endangered the entire Anglo-American Rhodesia initiative, provoked an outraged reaction at the UN and alienated the front line Presidents whose support is essential if a settlement is to be achieved. It would also, of course, have made life very difficult for Mr. Callaghan and encouraged the Tory right *wing in its efforts to persuade* Britain to do likewise.

Temporary

The relief, however, may only *be temporary*. There is still a strong view in the Senate that sanctions should be lifted by the end of the year, and this week's compromise provides for their removal once free and fair elections have been held and a new Government installed. A second condition is that efforts should have been made to negotiate in good faith *with the Patriotic Front. If Mr.* Smith sticks to his timetable and holds elections in early December, Congressional pressure for the ending of sanctions will mount again. That would almost certainly not be to the liking of a Labour Government, if Britain still has one. Whitehall for the moment is not looking so far ahead, and is concentrating rather on trying to arrange a ceasefire. In present circumstances, the UK does not see how any election in Rhodesia could be described as *"free and fair."*

Political and hydro-power from the Paraná

BY HUGH O'SHAUGHNESSY, Latin America Correspondent

WITH tens of billions of dollars being spent on harnessing it the Paraná must surely soon win the title of the world's most valuable river. As European banks are being approached for large credits for a big new scheme it is becoming clear that over the next few years—when all the various hydroelectric projects have been completed—the Paraná, which rises in *Brazil, skirts Paraguay and* enters the Atlantic near the Argentine capital, Buenos Aires, will have few rivals among the rivers of the world as a producer of energy. Both the Nile and the Volga will finally be dwarfed.

Today as the dams take shape the economic complexion of a large area of South America is being transformed.

The power produced by the river will go far to relieve the worries of the Brazilians. Ever *since* the oil crisis of 1973 Brazil, which produces less than a quarter of its own oil, has been saddled with additional costs for fuel imports which have had the effect of markedly slowing down the economy. Power from the Paraná will help to dissipate the nightmare that in the 1980s the country will be caught in a vicious circle of high energy import costs putting a brake on growth and thereby limiting Brazil's ability to buy the oil it needs.

Demographic pressure

For Argentina the power to be won from the river should help to relieve the present situation in which Buenos Aires, the largest city in the Southern Hemisphere is still regularly plagued by power cuts. It will also allow the Argentinians to develop the northern areas of their vast country. Successive governments in Buenos Aires have for decades feared that if they did not do more to bring industry and prosperity to their northern provinces they would eventually succumb to the economic and demographic pressures from over the border and sooner or later fall under Brazilian control.

The most dramatic effect, however, will be felt by Paraguay, a small and intensely nationalistic republic of less than 3m people which has survived in the centre of the South American continent largely through its success in playing off its giant neighbours, Argentina and Brazil, against each other. From a wilderness with no natural resources save a lot of rough pastures and a great deal of strong sunlight, Paraguay should in the next few years become a country with abundant hydro-electric energy. Most of this energy will be sold to its neighbours but the Paraguayan Government will always have the option of using quantities at home for such power intensive schemes as aluminium smelters.

In anticipation of boom conditions land prices in the primitive and torpid Paraguayan capital of Asuncion and in stretches along the Paraná itself have been climbing steadily for some years now.

The most monumental work on the Paraná is now in course of construction. At a present estimated cost of $8.5bn—which will almost certainly be revised upwards—the Itaipú scheme is to start producing electricity in 1983 and five years later should be generating 12,600 MW. As a joint enterprise between Brazil and Paraguay it will put to use the power which to-day runs uncontrolled and to waste as the Paraná plunges through seven cataracts at the point where it becomes the boundary between the two countries. The bulk of the power will go to fill the energy gap which Brazilian planners expect to encounter *shortly in their industrial heartland*, the rapidly growing state of São Paulo. Half the power produced by Itaipú will belong to the Brazilians, the other half to the Paraguayans who, not having an immediate use for it in their diminutive economy, will sell the major part back to Brazil. In the process Paraguay will become the first country in the world to have electric power as its principal export.

Just beginning to get under way is another very big scheme, the Yacyretá-Apipé plan under which Paraguay and Argentina would spend $3.2bn on a 3,300 MW station to be built downstream from Itaipú. It would provide power for Buenos Aires and the neglected north of Argentina.

Here, too, however benefits would be shared equally with Paraguay which would again sell the bulk of its share of electricity to its larger partner, piling up export revenue in the process. Yacyretá—which this month is being presented to private bankers with the seal of approval of the World Bank and the Inter-American Development Bank—is planned to start working in 1985.

Meanwhile Argentina is talking a great deal about a second joint hydro-electric scheme with Paraguay, the 6,000 MW Corpus plan which would be constructed between Itaipú and Yacyretá. It has as yet to be officially costed. Were it ever to be built, Paraguay might be expected almost to float on the flood of money coming in from power sales.

At the moment a dam on the Acaray close to where it flows into the Paraná produces a modest *190 MW. This satisfies* the requirements of a backward republic where total foreign trade last year, counting *imports and exports, was only* a little over $500m. Paraguay also has plans to dam the Monday and produce yet more power.

Finally, far in the distance is an Argentine dream of building yet another scheme downstream from Yacyretá, the Paraná Medio project to be sited near Corrientes. This, its proponents claim, could produce more energy than Yacyretá and Corpus put together.

Rivalries and wrangling

With such large amounts of money, power and national prestige at stake along the river's course it is no surprise that every scheme has been the subject *of bitter rivalries and* wranglings. In the 1960s when the huge Itaipú scheme was being planned, the Paraquayans suspected that the Brazilians *wanted to claim the seven* cataracts as their own property. The Paraguayans won their point that the enterprise should be a joint one and Itaipú Binacional, a consortium consisting of Electrobrás, the Brazilian equivalent of Britain's Central Electricity Generating Board, and ANDE, the Paraguayan power authority, was charged with the task of raising money and building. The partners had differences about how many turbines there should be and who should make them while the Paraguayans, with a remarkable demonstration of insistence, got the Brazilians to agree that Paraguay's half of the power should be produced at the Paraguayan frequency—despite the fact that any exports of Paraguayan power to Brazil would have to be converted to the Brazilian frequency.

Brazil then became embroiled in a dogfight which still continues with Argentina about the amount of consultation there should be between Buenos Aires and Brasilia about the effects downstream in Argentina of the construction of the dam. The Argentines want a big say in how Itaipú is worked.

In spite of the fact that $1.6bn has already been spent on Itaipú and that last month Itaipú Binacional awarded a $797m contract to a European-Brazilian consortium including Siemens, Brown Boveri and Alsthom, for 18 generating sets each of 70 MW, General Costa Cavalcanti, Itaipú's chairman, has had to warn about the cost of any further squabbles over the height of the dam and the cost of any delays.

On Yacyretá, although Paraguay and Argentina have now reached agreement, the Paraguayans spent many months wrangling with their powerful partners about compensation for the fact that much more Paraguayan land behind the dam will be flooded than Argentine land.

Sr. Enzo Debernardi, the Paraguayan power chief and head of ANDE, has played a dazzling hand of poker against his two giant partners, at one moment last year vetoing a Brazilian idea that the Soviet Union might be invited to build the Itaipú turbines. The main battle is still between the Brazilians who fear that the Argentinians want to build the Corpus dam so high that it will hit the power potential of Itaipú and the Argentinians who fear that Itaipú will make the Paraná and the River Plate even less navigable than they are now, perhaps dealing a death blows to the ports of Buenos Aires, Santa Fe and Rosario.

Some observers believe that Corpus will never be built and that the project is nothing more than a bargaining counter conjured up from nowhere by a country which is almost pathologically anxious about the economic and demographic growth of Brazil which it wants to hold back by any means in its power.

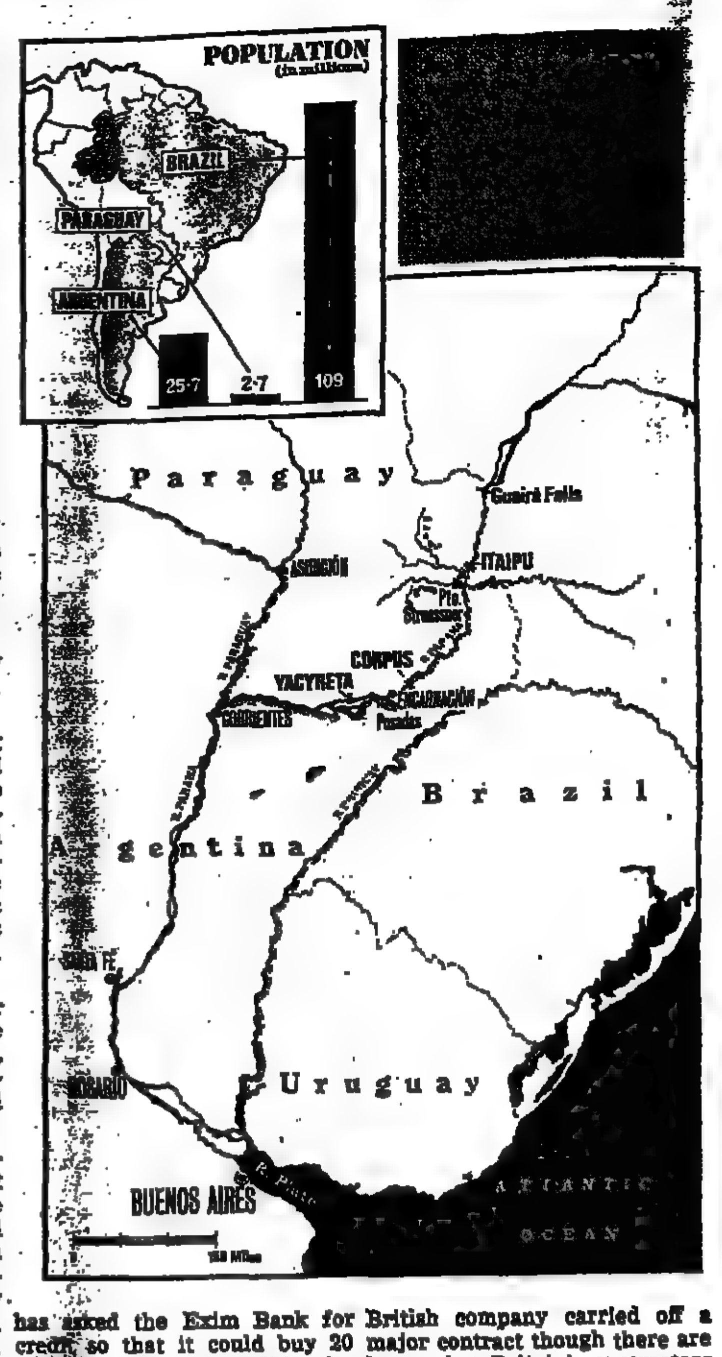
But whether Corpus is built or not Argentina and Brazil are pushing ahead with their plans, picking up finance and technology where they can, and trying to ride over the pitfalls.

A few days ago Itaipú *Internacional announced* it had put in place another piece of the financial jigsaw with the Royal Bank of Canada—which leads a consortium of 48 banks, including Citibank, Morgan Guaranty and Deutsche Bank—making a $175m loan for up to 12 years. Lenders over 10 years get 1¾ per cent over London Interbank Offered Rate (LIBOR) while those going to 12 years get 2 per cent over LIBOR.

Lenders in the City

All three borrowers are making a particular effort to push the term of the loans as far into the future as possible, a fact that has caused no little heart-searching among lenders in the City.

On the Yacyretá front the U.S. State Department last week contrived to spoil Argentina's and Paraguay's first bid for cash from the commercial banks by announcing that it was blocking an Export-Import Bank move to help finance U.S.-built turbines for the scheme.



The Argentine military junta has asked the Exim Bank for credit so that it could buy 20 turbines worth about $270m for Yacyretá from Allis-Chalmers in Milwaukee. The State Department vetoed the idea on the ground that the Videla Government in Buenos Aires was continuing to violate human rights. Washington's decision also probably took into account the similar situation in Paraguay where General Alfredo Stroessner's military government angered the Carter Administration by arresting a middle-of-the-road opposition politician, Domingo Laino, on the day he returned home after a visit to the U.S. capital sponsored by the Administration.

Argentina's only consolation is that the decision on Exim bank help could be reversed if the *human rights position* improves in Buenos Aires.

In the surge of bids and dealings and diplomatic moves and counter-moves, British business has not so far figured very prominently. At Itaipú no British company carried off a major contract though there are hopes that Britain's contractors may come into their own when it comes to setting up transmission lines to carry the power to the Brazilian industrial centres. GEC in particular has been watching the project with active interest.

For Yacyretá, the Argentine Government has said that the only British company to have pre-qualified for doing work on the scheme is Boving. As if to respond to that, the director of one London bank said that the response of British banks to Argentine calls for finance, par*ticularly for the long terms they* are seeking, would depend a great deal on the amount of orders placed with British companies.

British lack of enthusiasm for the opportunities offered by the Paraná schemes is worrying Whitehall. "There is not enough known about the plan by British business," a senior civil servant said regretfully the other day.

MEN AND MATTERS

Tom's trials are nearly over

How agreeable to report a political story with a happy ending. Tom McNally has at last been picked as a Labour candidate. After being rejected for at least five other potentially-safe seats, the Prime Minister's 35-year-old political adviser has been selected to fight Stockport South at the next election. But not without a pretty venomous struggle. It seems that being Jim's man just does not go down well among the left-wing activists.

Only after a campaign murky even by Labour standards has he triumphed. His left-wing opponents tried to keep him off the short-list by claiming that his supporters had packed a key ward meeting, while he himself muttered about an "orchestrated smear campaign." Before Stockport, committees at Kettering, Bishop Auckland, Workington, Huddersfield and Lambeth, Vauxhall, had declined the offer of his services. But all that is forgotten now; after so long battling with his supposed political friends, McNally cannot wait to get at the Tories.

How long has he been looking for a Labour seat? "On and off for 35 years. I've known lots of people who want to be engine-drivers or policemen. But I've never wanted to be anything except a Labour MP." *He inherits a 4,420 majority* from Maurice Orbach, the retiring MP for Stockport South.

"It started with a bang, but seems to be ending in a whimper."

Floating fortunes

When the balloon carrying Donald Cameron and Christopher Davey over the Atlantic yesterday began leaking helium, it was the misfortune they had least anticipated. Bad weather was their greatest anxiety. Crossing the Atlantic westward in the ship Dart Canada, with their balloon packed in a container, they spent much of their time playing "flight games." These simulated their reactions to sudden changes in winds. One such game took them up to Greenland and landed them eventually in the wilds of Russia; Cameron decided that if it should happen in reality, he would ditch the balloon rather than enter Soviet airspace—unless he could make radio contact first. Another possibility was that the balloon would be wafted to the Caribbean and eventually be forced down by lack of supplies.

The news that Cameron and *Davey were in trouble* was coming through just as I was on the telephone to Zanussi, the Reading-based subsidiary of the Italian makers of washing machines and other domestic appliances. Zanussi put nearly £50,000 into the venture. "We did it to increase brand name awareness," said marketing managing Ronald Ansell. "We are very sorry they have problems out there." Cameron had approached Zanussi for packing and also won support from 30 other British companies. As Ansell finished talking to me he was hurrying off to the communications centre run by Racal, *another main sponsor*.

The ambition to make the first balloon crossing of the Atlantic has already cost several lives. Planning to take off from Maine in the autumn is an American trio, Ben Abruzzo, Max Anderson and Larry Newman. Abruzzo and Anderson tried last year, but came down in Iceland. Newman's hang-glider company in Alberquerque is sponsoring the new bid. A hang-glider will be suspended beneath the balloon; Newman will use it to come dramatically to earth when they *reach Europe. If they reach it.*

Bitter orangery

A reception was held at Kenwood, the Hampstead art gallery and museum, last night to celebrate the hanging in the orangery there of a Gainsborough painting, "Greyhounds Coursing a Fox." The picture came from Mentmore, being one of the items accepted by the Treasury from the Rosebery Estate in lieu of death duties. It was allocated to Kenwood by the Department of Education and Science.

The occasion was somewhat marred by a dispute between the Friends of Kenwood and the GLC. As an economy measure, the GLC has refused to replace one of two assistant curators: Lindsay Stainton, who also happens to be a Gainsborough expert, *is leaving to* go to the British Museum. So for security, rooms at Kenwood will have to be kept shut in rotation. "Snce the contents of Kenwood must be worth £8m., the saving on one salary looks like blinkered philistinism," says George Levy, vice-chairman of the Friends.

Idle ants

The "blue ant" image of the Chinese is getting slightly tarnished these days after all the revelations of absenteeism and strikes that followed the fall *of Mme. Mao and her Gang in* 1976. But as time passes, the Gang is mentioned less and less and ordinary human failings crop up more and more.

Even so, the record of the Canton Tractor Factory is an amazing one; it makes BL sound like an industrial success story. Since the plant began production of the Hungwei-40 tractor in 1966, Canton radio reported last week, not one had been up to standard.

The works had attached more importance to quantity instead of quality, and there had been "serious waste" and "disorderly management." Only 24 tractors had been produced in the first quarter of this year, less than 10 per cent of the quota. The works would have to close down the production line and be "seriously straightened out," the radio said severely.

Cool customer

A colleague strolling in Soho yesterday learnt a useful lesson on h owthe rich get rich and stay that way.

Alarge green Bentley drew up outside the Britihs Film Institute's office in Dean Street and parked on a double yellow line. Out jumped a well-known TV personality and businessman; after a cautionary glance up and down the road he reached into his jacket pocket and pulled out a parking ticket. This he tucked under the windscreen wiper before striding into the BFI.

Five minutes later two wardens did indeed inspect the Bentley. Although they took notes, they did not add to its ticket collection. And there was I thinking Rolls Royces and Bentleys are exempt from parking tickets anyway.

Observer

POLITICS TODAY

Second thoughts about an October election

MOST OF us may turn out to have been wrong about the date of the General Election. It might not be in October after all. Indeed the arguments for going to the country in another month are beginning to look quite remarkably attractive.

In October the nights are closing in. What is left of the summer glow (such as it was) has almost faded. Besides, what else has the Government left to do? Most of its final tasks have been accomplished, or at least attempted, in the last few days. Devolution is almost through. The White Paper on incomes policy, suitably titled *Winning the Battle against Inflation* — has been published. So has the Labour Party-TUC document *Into the Eighties*, even though one suspects that by some it was swallowed fast in order to get it out of the way, like a child taking nasty medicine.

Thus the thought occurs: why not hold the election as soon as possible? And if September 21 really is impractical what is wrong with September 28?

The case for September is both positive and negative. Taking the negative first: one can never be quite sure what the left wing of the Labour Party is going to do. Someone might get up, like Mr. Norman Atkinson, the MP for Tottenham and Party Treasurer, did in the House of Commons last Friday, and denounce the official incomes policy as a political and economic nonsense. Some trade union leaders might go on stressing their opposition in public to the 5 per cent norm. Mr. Anthony Wedgwood Benn, the Energy Secretary, might prove more difficult than usual. The left wing of the Parliamentary Party might join with the left wing trade unionists in insisting that *Into the Eighties*—rather than the election manifesto which has yet to be published—is the basis of party policy.

All that, of course, is just talk, and all the recent evidence is that the Left is a paper tiger. But it remains just possible that somebody could say something that could prove electorally harmful. So why not minimise the risk by going to the country at the earliest convenient date?

That is the negative case for September. The positive one is that it could catch the Tories off-balance. The Labour Party believes that the Tories have pots of money ready to spend on glossy advertising campaigns up to October 12, and beyond if necessary. But a short, sharp campaign concentrating on the "real" issues—the holidays are over, let's get back to the serious business of government with you know whom—could find the Tories on the hop.

Briefer rally

There might be a small problem for the Liberals, whose erstwhile supporters Labour does not want to see deserting to Mrs. Thatcher *en bloc*. Yet it appears to be manageable. The annual Liberal Assembly is due to take place in Southport from September 11-16. It is said, however, that there is sufficient insurance cover for the Party to be able to call it off without undue loss or, more likely, to turn it into a briefer election rally if it coincides with an election campaign.

There is also the question of the size of the electoral turn-out. It is a truism that if Labour is to win, it will have to get its own people to the polls. To do that will need some kind of sustained campaign. But again that is not incompatible with an election in late September. On the contrary, delaying until October could present an unnecessary hiatus. The way to keep the momentum going could be the TUC conference opening on September 4 following straight away by a three-week campaign and the election on September 28.

One should add that, assuming this speculation to be correct, it is not going to be immediately confirmed. Mr. Callaghan is still not going to announce the election date until around the end of August —which is of small comfort to anyone trying to plan a few days off between the end of Parliament and the start of electioneering.

Meanwhile, as Mrs. Thatcher so unfortunately remarked in her speech to the House of Commons on Tuesday, "the long, drab period is, we hope, being brought to an end," although if she meant the present Parliament, there has been more excitement in the last few days than in the rest of the session put together. There can also have been few clearer examples of the way political fortunes go up and down in a moment.

Last week Tory morale was very definitely up, and Mrs. Thatcher's performance on television had a lot to do with it. On BBC *Panorama* she was at her confident best. Mr. Callaghan, by contrast, on ITV's *This Week* a few days later was at his patronising worst. Tory spirits remained high through Monday with the defeat of the Government's dock labour scheme. On Tuesday afternoon they sank again, and yet again it was Mrs. Thatcher who was largely responsible.

Several people have asked whether the newspaper accounts of Tuesday's debate on the incomes policy White Paper were exaggerated. They were not. Mr. Callaghan started, much as he might any other speech, with a straightforward defence of his Government's handling of the economy. Then he switched to the attack. But what was so novel about that was that there were none of the usual patronising sneers: it was straight punching all the way. Mrs. Thatcher simply wasn't up to it. Those Tories who say now that Mr. Callaghan stooped to the gutter while their own leader tried to put an intellectual argument are belied by their reactions at the time. Their dismay was written all over their faces and was apparent in their near-silence as she sat down.

It is true that she was effectively put off her stride by a group of giggling Tribunites, but the House of Commons can be a very ill-mannered place and no one complains about that. The challenge is to command attention, and there Mrs. Thatcher conspicuously failed.

Does it matter? Perhaps not, except as another example of the the way fortunes go up and down in an instant. In any case, the Tory performance was at least partially redeemed by the closing speech of Sir Geoffrey Howe. It is sometimes said that Sir Geoffrey cannot speak, though in fact what he does is to make the speech of a prosecuting counsel. He has also had the wit to appreciate the essential Winnie the Pooh qualities of the Crossman Diaries' accounts of the Wilson Cabinet. Here he is quoting Crossman on the discussions on when to hold the 1970 election: "Denis only feared that we would stumble this year, which was why he wanted the election as soon as possible."

Then Mr. Peter Shore: "Shore's main point was to stress achievements. . . . But what next? We must do some hard thinking about that. We have not really got a 'what next?'."

As it turns out, Mr. Shore's question remains relevant today. The answer to "what next?" is surely not going to be *Into the Eighties*, except for some of its blander phrases, if Mr. Callaghan has anything to do with it. The Labour Manifesto will be altogether less sweeping but that does leave the question of what will be in it. There will be a great deal about industrial democracy and the greater use of the National Enterprise Board as the half-way house between nationalisation and the private sector, but that hardly amounts to a five-year political programme.

Assumption

Indeed it is beginning to look as if what comes next will not be very different from what went before. The crucial assumption of *Into the Eighties* is an annual economic growth rate of "well over 3 per cent," the reason for the imprecision being that the TUC hopes for something close to 5 per cent while the "realists" dare not expect much over 3 per cent. None of that exactly squares with the latest reports of the OECD on either the American economy, on which we partly depend for a growth in world trade, or on the British economy.

And yet there remains an endearing—or perhaps infuriating—strain of gullibility in British politics. *Into the Eighties* contains the following sentence: "The Bonn Declaration signed by the Prime Minister and the heads of the six other largest industrial nations in July offers the prospect of a sustained period of economic growth." It is exceedingly difficult to see how anyone who has read the Bonn Declaration, let alone put his name to it, could believe any such thing.

There has also been a reminder this week that the question of incomes policy has been far from resolved, despite the White Paper. Both the Government and the Tories now share the same broad approach—namely an acceptance of something like the German model. But the trouble is that the unions will have none of it. As Mr. Callaghan remarked on Wednesday: "We shall just have to go on from year to year." Well, it is better than going on from day to day or even from month to month, but it is hardly a decisive breakthrough.

* * *

Among the several contenders for the office of Foreign Secretary, should the Tories win, is said to be Lord—the former Sir Christopher—Soames. He is surely an outsider, to whom Mrs. Thatcher owes no particular debt of gratitude. But there is one job which Lord Soames could fill with great distinction, and that is Agriculture.

The initial reaction among some of those concerned is that he would turn it down, indeed perhaps be insulted at the offer, on the grounds that he has held the post before. On reflection, however, the reaction changes. When he was Minister of Agriculture before, Britain was not a member of the European Community and there was no Common Fisheries Policy to speak of. And yet it is agriculture and fish which have proved our two biggest bones of contention with Europe. Mr. John Silkin, for example, has done very well for himself by not reaching a settlement on fish, but that cannot go on indefinitely. What better idea then for the Tories than to put in a man who knows the Community inside out, who actually believes in it and yet who could still be counted on to drive a proper bargain? If securing good will is part of the negotiating process, Lord Soames should win hands down.


"Mr. Callaghan punched straight . . . Mrs. Thatcher simply wasn't up to it."

Malcolm Rutherford

Letters to the Editor

British Gas profits

From Mr. D. Fenn

Sir,—The latest British Gas results (July 19) make a mock of the Government's so-called attempt to contain inflation. The declaration of £180m when the surplus was actually £584m is a travesty of accounting and outside the law as it now stands.

To introduce inflation accounting in order to reduce an historic surplus is surely a criminal act by the public sector condemned by the Government.

It is announced that even the £180m adjusted surplus is six times the 1976-77 figures. How can this be justified to the consumer and the wage earner restricted to a 10 per cent increase in 1976-77? So much for the Price Commission.

D. J. Fenn.
6, Tower Rise,
Richmond, Surrey.

The gearing adjustment

From the Editor,
Accountancy Age

Sir,—Lex suggested (July 19) that the Hyde Guidelines gearing adjustment should have been applied by British Gas "to reduce its extra depreciation charges by the extent to which these are financed by external debt capital."

My understanding of the gearing adjustment is that it seeks to indicate how with inflation equity share holders benefit at the expense of debtors. It is a concept anyone with a house mortgage should understand because when the house is sold the building society gets its money back while the householder gets all the profit.

But a nationalised industry has its equity owned by the taxpayer, and the bulk of its loan finance comes from the same source, the taxpayer. What then is the logic in gearing adjustments to allocate gains and losses when both are received or borne by the same group?

Anthony V. Hilton
76, Dean Street, W1.

Competing materials

From the Director, Timber Research and Development Association

Sir,—The Federation of Concrete Specialists is currently running a campaign in the national and technical Press which includes both advertisements (July 20) and editorial references, aimed at securing the market for floor joists, a traditional timber function, for pre-cast concrete.

In a free economy it is to everyone's benefit that there should be competition between materials but it is also necessary that the properties of competing materials should be compared accurately. There should not, however, be "competition" with public safety. Fortunately, we are more than adequately protected in this respect by building regulations.

We have yet to discover the perfect building material—all in some degree or other are liable to begin to deteriorate from the moment they are installed. Timber is no exception and nor is concrete. The tenor of the campaign by the Federation of Concrete Specialists is that timber has numerable faults and concrete has none. For example, it is inferred that timber floors do not meet the building regulations on sound and thermal insulation —this is not true. It is suggested that woodworm and rot are common—this is an exaggeration; rot can occur, for example, when the timber remains wet for an appreciable period, either through bad building practice or faulty design, but they are no more common than concrete deterioration. It is claimed that concrete joisted floors are cheaper than timber—TRADA has a report from an independent firm of surveyors which shows that the installed cost of timber floors is well below that of concrete which requires crane handling on site.

Fire is an emotive subject and because timber burns it is often thrsut into the villain's role. The facts are that timber burns at a known rate maintaining its structural integrity for a period that can be accurately calculated and gives off low-toxicant gasses. Timber is now being used to protect steel and concrete which distort in fire and lose their structural function. The main problem in fire arises from burning of the contents and this is the same for both concrete and timber floors in terms of public safety.

Finally, concrete is not maintenance free as the Federation would have everyone believe. The following two headlines appeared in successive issues of the architectural journal "Building Design (June 23 and 30): "Concrete repairs to cost £175,000." and "Spalling lintels cost GLC £150,000 to repair."

J. G. Sunley.
Stocking Lane,
Hughenden Valley,
High Wycombe, Bucks.

Views from the City

From Mr. J. Campbell

Sir,—Unlike Mr. Eric Chalmers (July 25) I did serve in the Royal Navy and was a bo'sun's mate at one time on the quarterdeck of HMS King George V. Beat that. My main recollection, as a very young youth, was the difficulty I had in pronouncing the word "aft" to the liking of an officer of the watch. With youthful Glasgow intonations the expression "hands lay aft" was transmitted through the broadcasting system of the battleship to all corners of the messdecks and the officer thought that the enunciation could have been better. I apparently said "aft" as in Ally McLeod.

Mr. Chalmers was writing in response to Anthony Harris's article of July 21 re the handful of young men who write brokers' circulars on the Gilt-Edged market and Mr. Harris refers to the "sheep-like tendencies of institutional investment managers." Baa or should it be bah? Much could be said in challenge to Mr. Harris but I will confine myself to three points.

Mr. Harris towards the end writes, as part of the circular logic, that "I won't buy if your performance looks shaky." What is wrong with that? Surely that is a sound basis for judgment even if one's judgment turns out to be wrong. And the authorities' performance as it affects the Gilt market has had its shaky moments in the 1970s.

A majority of investment managers may from time to time come to the same or similar judgment. Quite the most important and dominating fact for an investment manager, however, is to decide when, advantageously, to differ from the majority view.

It is by superior timing in an individual way which will fulfil the manager's main incentive which is to maximise his profits compared to those of his competitors.

In my view much of the financial and economic material which emerges from stockbrokers' offices is not only essential to the conduct of the business of investment but is of high quality directly related as it is to the real world of markets. However, and this is where Mr. Harris's article may be at its weakest, the decision to invest or disinvest his money is that of the investment manager alone and it is not normal practice to ring round the flock in order to consider whether the investment manager is being fleeced or not.

J. D. Campbell,
Scottish Amicable Life Assurance Society,
150, St. Vincent Street,
Glasgow.

Brokers' advice

From Mr. A. Bowden

Sir,—Maybe Anthony Harris (July 21) should bear in mind that "the handful of young men who write brokers circulars" happen to have some 10 years' experience, on average, of visiting managements, talking to managements, and visiting their factories. Above all else they owe their professional survival to being right more often than wrong in their judgments.

Oh that the same could be said of the handful of men in Whitehall and Westminster who do not seem to need this qualification for survival! And they do not merely express their views they all too often enforce them.

A. R. Bowden.
4 Birchwood Avenue,
Muswell Hill, NW10.

Marketing tractors

From the Economic Adviser, Burge and Co.

Sir,—The tractor manufacturing industry today is at a crossroads. Too many technical experts better qualified than I am know it, and the production data confirms this, for the president of the Agricultural Engineers Association (July 25) to try to deflect the argument. We urgently require to establish whether the splendid production and export record of the industry can be expected to sustain its earlier momentum in the future, if it now concentrates upon building "palaces on wheels."

Farmers around the world have limited expenditure budgets for machinery. The more they spend upon tractor power units the less money there is available for the working machinery which actually performs the cultivation and harvesting tasks required. I respectfully suggest that conflicts could arise here between tractor and farm machinery interests which, if they are allowed to continue, would damage both industries.

My farmer friends welcome the concern for tractor safety today as I do, but tractor cabs and controls are seen to be losing their original functional purposes. In no other machine I know of is the cab and controls such a high proportion of the final cost of the vehicle. This benevolent criticism is intended to suggest that there is now something wrong with the basic design configuration of the tractor.

A. G. Horsnail.
25, Worship Street, EC2.

Protecting the employee

From the director of Information Department of Employment

Sir,—You article "Protecting the employee" in the special report on investment services (July 22) contained the following statement: "any employee suspended from work following examination by an employment medical adviser is entitled to normal wages for up to a maximum of 26 weeks."

Put in this way, the impression may appear to be of considerably wider application than is the case. The relevant section of the Employment Protection Act applies only to people who, while otherwise fit for work and not therefore entitled to sickness benefit, are suspended from their normal job on medical advice because this involves exposure to ironising radiation, lead and certain other chemicals. Also it applies only when the employer is unable to supply suitable alternative work.

R. J. Seaman,
8, St. James's Square, SW1.

Council house rents

From Mr. G. Lindsay

Sir, — Although Mr. Blagbrough (July 26) assumes so, my letter of July 24 was strangely enough not prompted by political motives but simply on economic grounds. I am aware that the subject of economic council house rents is political dynamite especially for a prospective Labour candidate! As a pensions scheme consultant I can see despite legislation by successive Governments the continuing poverty for many old age pensioners in this country. I am simply proposing that if those who could afford to pay council house rents during their working lifetime, and I am sure Mr. Blagbrough would not deny that there are many, then local authority housing would not be the same drag on the economy as it presently is. How much better to say to a retiring employee at 65—you will receive (1) a pension from your company (2) a pension from the State and (3) you will no longer have to pay rent.

I would certainly agree with Mr. Blagbrough that his subject is of sufficient importance to warrant greater political debate.

On a lighter note, Mr. Blagbrough may be interested to know that I would be very happy to see index linked golf club subscriptions as I am not a golfer!

G. L. Lindsay
Willis Faber (Midlands),
Rutland House, Edmund Street,
Birmingham.

Who owns what

From Mr. J. Harding.

Sir, — In your main leader of July 26 you question whether Ministers believe that union leaders or their members think that dividends go to the rich, given the weight of institutional investment and a high marginal tax rate. You clearly expect them to be rational and see the bogus nature of such a belief.

I have news for you. In a Labour Party political broadcast on June 15 it was claimed that "The top 3½ per cent of the population own 96 per cent of the land and 90 per cent of company shares."

I have since pointed out to the Labour Party's Research Secretary that the source of this information (the Fourth Report of the Royal Commission on the Distribution of Income and Wealth) makes it clear that the figures relate to "all personally held company securities" (v. paragraph 163) and therefore exclude all holdings by institutions, charities, trusts, etc.

My comments have been accepted as "absolutely right." but this does not stop the party from believing what dogma demands, rather than what is factually correct.

This state of blissful and blind ignorance will persist unless the lies are refuted as soon as they are uttered, and with as much publicity. This surely is the role of a free Press.

John R. V. Harding.
14, Biddenham Turn, Bedford.

Today's Events

GENERAL

Talks resume between Chrysler management, national union officials and Government Ministers in further effort to settle strike at company's Linwood plant.

French air traffic controllers expected to work to rule from 5 a.m. GMT today until Monday morning.

PARLIAMENTARY BUSINESS

House of Commons: Motion on Valuation List (Second Postponement) Order. Motions on Ministers and Members' salaries, allowances and pensions. Motion on fifth report from Select Committee on House of Commons (Services), session 1977-78 on the new Parliament building.

House of Lords: Transport Bill, consideration of Commons reasons for disagreeing with Lords amendments. Motion to approve Ministerial and Other Salaries Order 1978, and Family Income Supplements (Computation) Regulations 1978.

COMPANY RESULTS

Final dividends: Brady Industries; Crossfriars Trust; General Engineering Company (Radcliffe); Hardy and Co. (Furnishers); Lowland Investments; Mining Supplies; Staflex International; Steinberg Group. Interim dividends: Midland Bank, Plastic Constructions.

COMPANY MEETINGS

BPB Industries, 15-17, Marylebone Road, N.W., 12. Crosby Spring Interiors, Fleece Hotel, St. Helens, 11.30. Dartmouth Investments, Botanical Gardens, Westbourne Road, Birmingham, 12. Evans of Leeds, Queen's Hotel, Leeds, 12. Lindustries, Dorchester Hotel, W., 12. Lloyds (F. H.), Albany Hotel, Birmingham, 12. Parker (Francis), Connaught Rooms, W.C., 10.30. Pegler Hattersley, Danum Hotel, High Street, Doncaster, 12. Tesco Stores, Connaught Rooms, W.C., 12. UKO, 100, Old Broad Street, E.C., 12. Unilock, Institute of Chartered Accountants, E.C., 3. Woodhead (Jonas), Parkway Hotel, Leeds, 2.30.

CITY FESTIVAL

Shakespeare at Lunchtime: Classical actors and actresses give their personal choice of extracts from plays, Mermaid Theatre, E.C.4, 1.05 p.m. to 1.55 p.m.

Elizabethan London and its Theatres: An illustrated lecture by Sir Bernard Miles, Mermaid Theatre, E.C.4, 3.30 p.m.

Carl Flesch Prizewinner's Concert: London Symphony Orchestra, conductor David Atherton, perform Berlioz (Overture, Le Corsaire); a violin concerto (Beethoven, Brahms or Mendelssohn); and Sibelius (Symphony No. 5), Guildhall, E.C.2, 7.30 p.m.

SPORT

Cricket: First Test, England v. New Zealand, The Oval. Golf: English amateur championship, Royal Birkdale.

COMPANY NEWS + COMMENT

Cawoods better than expected at £7.8m

CONTRARY TO mid-term expectations of lower second half profits, compared with the same 1976-77 period, Cawoods Holdings *managed to lift its pre-tax result* this period from £4.36m to £4.85m. This takes the total for the year ended March 31, 1978, up by 10.6 per cent to £7.76m.

During the year the group held its share in solid fuel and oil products and with acquisitions and increased strategic stockpiling of solid fuel in the summer months, *profits of the fuel division were* pushed up from £3.03m to £3.87m.

On the sand and gravel side the *profit showed an advance from* £1.85m to £2.26m rationalisation of production in the quarries continued and with improved geographical marketing contributed to this result. During the year the group acquired significant additional reserves of sand and gravel.

In refractories there was a severe competition for available business and profits were lower at £186,000 against £271,000. *Exports represented 54 per cent* of total sales.

Taking the group overall the *directors report that the current* year has started with increased turnover and profits.

After tax and minorities the balance available to holders comes through at £3.63m against £3.6m, after extraordinary credits of £47,000 (£307,000). Earnings per 25p share are stated at 15.19p (14.01p).

The dividend is increased by the maximum permitted—from 3.41p to 3.81p net, with a final of 2.838p.

	1977-78 £000	1976-77 £000
Turnover	223,805	199,397
Subsidiaries	194,400	171,744
Share of associates	29,403	27,653
Trading surplus	8,096	7,245
Depreciation	1,224	1,303
Trading profit	6,862	5,942
Share of associates	406	232
Profit before interest	7,268	6,174
Fuel distribution	3,866	3,028
Sand and gravel, etc.	2,262	1,848
Road materials, etc.	476	463
Container shipping	294	211
Refractories	186	271
Packaging	184	351
Investment income	41	30
Interest received	567	934
Loan interest	119	127
Profit before tax	7,757	7,011
Taxation	4,101	3,632
Net profit	3,656	3,379
Minorities	74	83
Extraordinary items	47	307
Available	3,629	3,603
Dividends	910	809
Retained	2,719	2,794

The inflation accounting statement shows that the profit before tax is reduced to £5.987m.

Capital expenditure amounted *to a record £5.79m during the* year.

The present market value of *investment in LSMO is £11.41m* against a cost of £5.51m.

• comment

The slower rate of profit growth in Cawoods' second half is partly *explained by the reduction in* interest income caused by lower interest rates and a 60 per cent cut in the group cash balance. Another factor was that fuel distribution profits did not grow as *rapidly as the market anticipated* because of the continued competition for industrial oil sales. Bad weather in the final quarter caused disruption to the sand, gravel and builders' supplies activities but this was offset by increased demand for fuel. However, the outlook for the current year is good with turnover and *profits ahead of last year.* The domestic market for solid fuel appears reasonably strong though the competitive gap between coal and oil is narrowing. The share price rose 3p to 143p, where the p/e is 9.2 and the yield is 4.1 per cent.

HIGHLIGHTS

Barclays Bank has come up with some surprisingly good figures showing a 17 per cent increase in profits mainly due to a reduction in the provision against doubtful advances. **Redland** has also produced some good figures and the pre-tax rise from £34.1m to £39.4m looks even more impressive con*sidering that the profit is struck after a £1.8m provision against* a contract that went wrong. **Inchcape** on the other hand has produced some disappointing results. Commodity losses in *Holland and a downturn in Africa are to blame.* Elsewhere, the interim figures from **Prestige** show profits higher by a tenth and **Denbyware** has come through with a partial profits recovery. **Fitch Lovell's** figures are not as bad as some had feared, while **Cawoods'** results show a slower rate of growth in the second half but the outlook is sound. **Yorkshire Chemical** has produced a £3.1m rights issue.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Barclays Bank ......int.	6.05	Oct. 2	5.5	—	11
Beaumont Prop. ......int.	1.17	Oct. 2	1.16	—	3.47
Cardinal Inv. Tst. ......int.	1.65	Sept. 1	1.5	—	3.9
Cawoods	2.84	Sept. 8	2.54	3.81	3.41
Colonial Securities ...int.	2.5	Aug. 31	2.5	—	8.1
Denbyware	3.31	Sept. 25	3.31	5.42	5.42
Drayton Commel. ...int.	1.31	Aug. 31	1.31	—	4.5
Fitch Lovell	2.81†	Oct. 2	2.52	4.09†	3.66
F. Pratt ......int.	1.84	Sept. 1	1.65	—	4.86
Hillards	3.93	Oct. 2	3.41	4.93	4.41
Hill & Smith ......int.	0.75	Aug. 29	0.68*	—	1.99*
Inchcape	9	Oct. 2	5.45	15	10*
J. I. Jacobs ......int.	0.55	Oct. 18	0.55	—	1.85
J. Jarvis	5.14	—	4.34	9.54	8.54
Letraset ......2nd int.	4.5	—	2.01	5.39	2.83
Lynton Hldgs.	1.28	Sept. 5	1.17	2.48	2.27
Prestige ......int.	2.5§	—	1.75	—	5.58
R. & J. Pullman	6.34‡	—	5.73	9.04	8.26
Redland	2.13	—	2.04	4.22	3.78

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital *increased by rights and/or acquisition issues.* ‡ Gross throughout.
§ To reduce disparity with final.

Prestige up £0.24m so far

AFTER A foreign exchange surplus of £75,481 compared with a £46,788 deficit, pre-tax profits of Prestige Group improved from *£2.48m to £2.72m in the first half* of 1978. Sales for the period rose from £26.8m to £28.92m.

To reduce disparity with the final the interim dividend is stepped up from 1.75p to 2.5p net *per 25p share. Last year's total* payment was 5.5845p from profits of £6.25m.

Tax for the six months took £1.35m (£1.29m) and there was a £16,415 (£16,038) transfer to capital reserve for redemption of preference shares and dividends thereon. The available balance finished higher at £1.36m (£1.18m).

The company which manufactures and sells domestic housewares is controlled by American Home Products Corporation of New York.

• comment

Price rises and cost controls rather than any significant increase in consumer spending were responsible for the near 10 per cent advance in Prestige Group's first half taxable profits. Volume sales in fact were static and the turnover advance of 7.8 per cent *reflects the price increase of 8 per* cent at the beginning of the current financial year. Meanwhile the *group is keeping a tight rein on* finances with working capital rising in line with turnover growth. What is worrying is that the group does not seem to have enjoyed much of the consumer spending boom—at an all time high in the second quarter of the calendar year. So although the strong trend in consumer durable demand is expected to continue throughout the rest of Prestige's financial year investors should not *pin too much hopes on the group* gaining in line with the overall trend. Assuming that the first half growth is maintained for the *full year £6.9m pre-tax looks pos*sible. On that basis the shares at 169p (up 3p) stand on a pro*spective p/e of 9.1* and yield 5.1 per cent. The shares could be vulnerable. And although American Home Products holds 74 per cent a full bid looks unlikely.

Terry Kirk

Mr. Anthony Tuke, chairman of Barclays Bank, who announces a 17 per cent increase in first-half profits.

Hill & Smith keeps up pace

WITH profits of Hill and Smith showing a £78,883 improvement at £431,829 for the six months to *March 31, 1978, Mr. T. Hampson* Silk, chairman, says he is confident that the full year's results will continue the company's record of unbroken progress since 1969.

He reports that trading in the *steel stockholding, and drop forg*ing divisions is being maintained at a satisfactory level and in the *fabrication division increasing* sales of the company's new galvanised steel lintels are compensating for reduced demand for road safety barriers.

First half turnover advanced *from £5.92m to £7.05m and no* tax is provided for as stock appreciation is estimated to exceed the liability to date.

The interim dividend is effectively lifted from 0.682p to *0.75p net per 25p share. After* waivers of £8,788 (7,989) this cost 31,806 (£28,913). Last year's total *payment was equivalent to 1.99p* on net profits of 931,806.

ISSUE NEWS AND COMMENT

York Chemicals £3m cash call

Yorkshire Chemicals, Leeds-based manufacturers of dyes and tanning materials, is raising about £3.1m net by way of rights on the basis of two new ordinary shares *for every five ordinary shares* held on July 14, 1978.

At the same time, the company announces first half 1978 profits of £0.98m which, although 15 per cent below the previous comparable period, are a substantial improvement over the £0.4m achieved in the second half. The present level of activity is *expected to be maintained in the* 1978 second half.

The interim dividend is raised from 2.3595p to 2.39525p net. The directors propose to pay a final of not less than 2.4438p on the increased capital, for a total of 4.83906. Last year's payments amounted to 4.76684p from profits of £1.55m (£3.18m).

The directors *report that after* two bad months at the beginning of the year, sales volume has *risen steadily* both in the UK and overseas. Selling prices have shown an improvement, but there are many markets in which prices remain weak and profit margins unsatisfactory.

The recovery was also aided by control of organisation costs and favourable levels of exchange rates.

Trading conditions for the associate Transprints (UK), have improved but remain difficult.

	First half 1978 £000	First half 1977 £000
Group sales	11,080	11,848
UK	2,792	2,971
Overseas	8,288	8,877
Trading profit	2,131	2,400
Depreciation	846	863
Interest payable	307	368
Profit before tax	980	1,169

The rights issue is at 84p per share payable in full on acceptance not later than August 18, 1978. It is expected that circulars and provisional allotment letters will be despatched today and dealings in the new shares should begin on Monday.

The proceeds of the issue will be used to reduce overdrafts and to complete the current expendi*ture programme is expected to* total £2m for the period to the end of 1979. This expenditure *includes additional capacity for* the manufacture of dye intermediates and new dye finishing *equipment*, the replacement of existing dye production units and associated factory services.

Capital expenditure during the *first half of 1978 was £650,000 and* is expected to reach £1.3m for the full year.

The issue has been underwritten by Kleinwort, Benson and the brokers to the issue are Hedderwick Stirling Grumbar and Company.

The two largest holders of Yorkshire Chemicals shares are *Croda International*, which holds 6.59 per cent and Prudential Assurance, beneficial owners of a tenth.

A spokesman for Croda said yesterday that it was fairly likely that the company would take up its rights. The Prudential said it was still a little early for the company to make a decision.

• comment

Yorkshire Chemicals has made a *surprisingly good start to the year.* First-half profits are 146 per cent higher than the previous six months, which reflected a period of depressed worldwide demand for fibre dyes. The reason for the upturn is a slight improvement in world textile trade since February. This, coupled with factors such as greater stability of raw *material* prices and a slight increase in selling prices, has left margins five points higher at 8.8 *per cent. Assuming this trend* continues—and helped by the interest savings from the rights issue—the company looks set to make at least £2.1m this year. Meanwhile, the hefty rights issue will reduce the company's gearing from around 82 per cent of shareholders' funds to a more respectable 40 per cent. The attractions for the shareholders, are not so apparent, particularly as the shares, at 106p, are currently supported by bid hopes. Moreover, the company is giving little away in terms of a dividend increase. *The ex-rights yield is 7.2 per cent,* just half a point higher than the return prior to the cash call. The *prospective p/e of 11 compares* with an historic figure of 7.9 for the chemical sector.

CAMDEN

Camden's 12½ per cent seven *year stock started trading yester*day at a ½ premium over the issue price, and closed £10¼ (£10 paid) having touched a high of £10½.

Brazil cargo battle grows

BY DIANA SMITH

RIO DE JANIERO, July 27.

THE U.S. Federal Maritime *Commissioner*, Mr. Robert Blackwell, has gone to bat on behalf of the U.S. container line *Sea Land, and instructed the* U.S. Export-Import Bank (Eximbank) to suspend, as of *July 31, freight waivers* to Brazilian vessels carrying cargo on the north-south route.

This is the latest stage in a battle waged by Sea Land to join a four-line cargo pool consisting of Moore McCormack and Delta (U.S.), and Netumar and Lloyd *Brasileiro (Brazil)* which involves an annual $200m in freight revenue. Brazil has refused to accept *Sea Land on* the grounds that its 35 foot containers are outside the 10, 20, 30 or 40 foot ISO (International Standards Organisation) patterns to which Brazil subscribes.

Apart from protests by the Brazilian lines and threat of retaliation with Brazilian suspension of the tax credits it gives to Delta and Moore McCormack *on freight charges*, under the equal access agreement, Mr. Blackwell's action has attracted *the indignation of Delta Lines.*

Commander J. W. Clark, chairman of Delta (which has *traded with Brazil for decades*), called the sanctions "ill-judged, groundless and overlooking all *interests but Sea Land's.*"

The moment, observers feel, is unfortunate, since U.S.-Brazilian *relations are already delicate in* the wake of U.S. attitudes to Brazil's nuclear energy plans, *export* incentives and import controls: a government sanction on behalf of a private company *has added another set of reefs* and shoals.

Sea Land first tried on its own *to persuade Brazil's shipping* authorities to accept its 35 ft containers and transhipment via the line's base of operations, Puerto Rico—and got nowhere.

Earlier this year, while Sea Land was bringing a case against *the four-line pool in the Phila*delphia courts (which it lost), Mr. Blackwell visited Brazil and *hinted, very subtly, that if resis*tance to Sea Land persisted problems could ensue.

Having lost its court case, Sea Land recently hinted that it might use standard ISO containers, despite the technical problems involved, should it be *permitted* to join the pool. Its willingness to compromise has created even greater perplexity over *Mr. Blackwell's official* action.

Underwater rescue plan

THE National Research Development Corporation has invested £180,000 to support design and construction by Seaforth Mari*time of a prototype diver lifeboat* chamber for emergency use in offshore diving.

The corporation's contribution represents half the design and construction costs.

Divers in compression cham*bers on the decks of oil explora*tion platforms are particularly vulnerable if there is a blow-out or fire. Seaforth Maritime plans to provide a lifeboat rescue *chamber which will enable up* to 12 divers to escape to safety.

Fitch Lovell off £1½m after second half fall

SECOND HALF pre-tax profits of Fitch Lovell were down from £4.28m to £3.47m leaving the total for the year ended April 29, 1978, £1.46m lower at £6.23m.

An analysis at the trading level shows that the decline occurred throughout most of the group. On the poultry side the second half produced the expected profit and the first half loss was eliminated—the year-end trading profit for this section was £249,000 against £1.17m, after a first-half deficit of £201,000.

Mr. M. G. Webster, chairman, says that the retail section (where profits were lower at £2.46m against £2.89m) reflects the current situation in the High Street and the severe impact of high meat prices on trade in West's butchers shops. Key Markets held on to its market share but just failed to maintain profits due mainly to a marked decline in gross margins.

The manufacturing sector maintained its performance at £4.09m (£4.12m) despite difficulties in canning.

In the agency, first hand, wholesale and markets sector the latter half of the year showed a downturn from £1.88m to £1.22m, which largely arose from conditions in the commodity field because of changing markets.

The group pre-tax profit was struck after exceptional items and development expenditure of £1.38m (£1.46m). This covers the costs of the experimental launch of certain poultry products, withdrawal from symbol group trading and expenses of a property revaluation, which threw up a surplus of £2.4m.

A split up of the exceptional items and development expenditure shows: profits less losses on property disposals £242,000 (£549,000 loss), development and reorganisation expenditure £1.05m (£839,000) and other exceptional items £571,000 (£69,000).

Earnings per 20p share are shown to be down from 6.78p to 5.37p. The dividend is raised by 10 per cent as forecast—from 3.66259p to 4.09019p on capital increased by a rights issue, with a final of 2.81243p.

	1977-78 £000	1976-77 £000
Sales	501,284	446,919
Trading profit	10,204	11,969
Manufacturing	4,090	4,124
Agency wholesale, etc.	2,971	3,371
Retail	2,402	2,883
Poultry	249	1,171
Other	592	419
Interest, etc.	2,597	2,823
Extraordinary items	230	34
Profit before tax	6,229	7,687
Taxation	2,917	4,245
Extraordinary items	230	34
Attributable ordinary	3,051	3,373
Ordinary dividends	2,529	1,802
Retained	522	1,571

Although a full provision continues to be made for deferred tax, this year the tax charge shows a reduction as a percentage from 55 per cent to 47 per cent. This results from the release from deferred tax of certain earlier provisions arising from the revaluation of properties and an adjustment made in connection with non-taxable grants allowed to a subsidiary in a development area.

● comment

Taxable profits down only 15 per cent (including a second half fall in trading profits of 22 per cent) scotched some of the worst fears and Fitch Lovell shares put on 6p to 66p yesterday. The wholesale and markets side, where profits fell 15 per cent, was perhaps the most disappointing—more help had been expected for butter and cheese stocks from the green pound. However, retailing sales increased by 23 per cent and the group claims to have held its market share despite the supermarket price war. A big efficiency drive to maintain net margins should help in the current year but the Key Market chain will barely benefit from expected growth in non foods and fresh foods. As forecast, poultry moved back into profit after the £200,000 first half shortfall, but a slight downturn in feed prices may only be temporary. At 66p the shares stand on a p/e of 11.3 supported by the yield (covered less than one-and-a-half times) of 9.8 per cent.

Inchcape down by £11m

A SHARP drop in second half profits from £40.51m to £27.85m, Inchcape and Co., down to £62.27m for the year ended March 31, 1978, compared with the previous year's peak of £73.38m.

In their interim report, the directors expected adverse factors to affect the second six months. Having regard to these and an expected heavier tax charge, the Board was anticipating that the year's results would be reasonably satisfactory.

The directors now say that it would not have been realistic to expect the group to repeat the previous year's record profit. Trading in several important areas was less buoyant than anticipated.

Political pressures led to restructuring of certain overseas companies and exchange rate fluctuations which had been beneficial previously, had an adverse affect.

In contrast, the rate of overall tax and minority interests were lower, so that has been only a marginal reduction in earnings per share from 42.5p to 40.7p. The final dividend is 9p per £1 share making 15p against an equivalent 10p.

So many uncertainties remain that it is difficult to forecast the trend in the current year, the directors state. So far, conditions have followed the rather flat pattern set in the second half of last year, but there are signs that there may be some improvement later in the year, though this is not likely to be dramatic.

	Year 1977-78 £000	1976-77 £000
Turnover	1,061,574	1,250,563
Profit before tax	62,274	73,383
Tax*	27,552	35,524
Net profit	34,722	37,859
Minorities	3,136	5,613
Attributable	31,585	32,246
Preference dividend	68	69
Attributable Ordinary	31,517	32,177
Extraord. credits	1,684	248
Ordinary dividends	11,630	7,571
Unappropriated profit	21,571	24,854
Inchcape and Co.	295	3,007
Subsidiaries	20,244	[illegible]
Assoc. companies	842	1,398

* Comprises UK tax £14.95m (£12.9m); less DTR £7.65m (£5.80m); Overseas tax £14.84m (£18.83m); Deferred tax £2.80m (£4.87m); Tax credit on UK dividends received £97,000 (£55,000); Prior year deficit £348,000 (£158,000 credit) and associates £3.70m (£2.58m).

The Earl of Inchcape, chairman, tells members that because the group converts overseas results into sterling at the rates of exchange ruling on the accounting dates, the profit before tax is reduced by some £5m compared to the figure resulting from applying the previous year's rates.

The year's results were badly affected by a reduction in trading margins through price restrictions and generally difficult trading conditions in Nigeria. Price restrictions in Malaysia also had an adverse effect.

Further, the position in Nigeria was aggravated by the group's interests there having been reduced in compliance with Government's requirements from 60 per cent to 40 per cent, with the consequential different accounting treatment as associated companies instead of subsidiaries. The results have in addition had to bear the effect of unprofitable commodity trading activities in Holland.

In a difficult year the group increased profits in the UK, Australia, Japan and Thailand and maintained them in Hong Kong with a small reduction in the Middle East.

Bearing in mind all the foregoing factors, the year's profit figure compares very favourably to those in earlier years, Lord Inchcape says.

A divisional analysis of pre-tax profit shows (£000's omitted), general merchants, agents and related activities £22,672 (£28,544), motor vehicle distribution and assembly £16,711 (£21,240), insurance brokers and agents £6,426 (£7,152), marine operations £10,568 (£10,121), timber and construction £2,114 (£1,880), engineering £921 (£1,156), manufacturing £736 loss (£366 profit), associates £4,584 (£4,585), investment income £561 (£428) and head office expenditure £161 (£1,223).

A geographical analysis (£000's omitted) shows Africa £2,472 (£12,107), Australia and South Pacific £5,679 (£3,018), Caribbean £1,594 (£1,726), Far East £17,898 (£16,423), India (investment income only) £246 (£133), Middle East £15,933 (£18,161), North and South America £830 (£390), South East Asia £11,266 (£10,048) and UK and Europe £7,842 (£12,768).

See Lex

CHANGES AT LIDEN OFFSHOOT

Arnhem Timber, a subsidiary of Liden Holdings, is to halt its hardwoods stockholding and wholesale operations but will continue to operate its log-sawing and kilning business for another company, Interwil Timbers. Arnhem claims the deal will release £400,000 of working capital for the redevelopment of the company's traditional furniture manufacturing and also its plastics and hardware operations.

Better trend now evident as F. Pratt returns £0.37m midway

ALTHOUGH at £366,379, pre-tax profit of F. Pratt Engineering Corporation for the six months to April 30, 1978 shows a £78,267 decline on the corresponding period, it is some £104,000 better than the second half of last year.

When results for the last full year were announced the directors were expecting a return to a more profitable trend as the current year progressed. The improvement which was foreseen is now evident in all divisions except construction steel, they say.

The market for open mesh flooring shows no signs of recovery in the medium term and the directors, together with the company's partners in the Rectagrid project, have decided that the losses in this area are no longer acceptable. The trade will be continued, therefore, on a restricted basis in order to complete existing contracts.

At £8.2m orders on hand at the end of the first half were £0.7m ahead of those at the end of the last full year and £1.8m higher than at the same time last year.

The net interim dividend is stepped up from 1.6432p to 1.8891p. Last year's total payment was 4.8503p.

	Six months 1977-78 £	1976-77 £
Turnover	9,081,429	8,798,871
Trading profit	812,767	860,379
Depreciation	235,313	220,492
Interest	211,075	105,451
Profit before tax	366,379	444,646
Tax	146,550	231,216
Available	219,829	213,430
Dividend	98,386	87,386

Court Line cautious on settlement

Mr. Rupert Nicholson, joint liquidator of the failed Court Line holiday group which collapsed in 1974 has warned creditors not to expect payments of more than 10p in the pound in settlement of their claims.

So far creditors have been paid a dividend of 3½p but Mr. Nicholson said that he did not expect that there would be any further payments in the current year.

He said that the delay was partly because of the need to wait for a return from Court Line's Caribbean investments and partly because of the need to settle "unagreed" claims from other creditors.

Mr. Nicholson said that in the years preceding the collapse the company, through vast expansion had incurred enormous liabilities while practically every asset had been covered by mortgages, guarantees and cross-guarantees. This had made it extremely difficult to rescue anything from the hands of prior charge holders.

He added that the gross realisable value of the company's assets was expected to be slightly higher than the £21.4m mentioned by the Official Receiver in his "statement of affairs" issued in April, 1976, but the figures for eventual liabilities of £61.7m for unsecured creditors and £25.1m for secured creditors were in line with current projections.

J. Jarvis lower at £519,248

A partial recovery in pre-tax profits in the second half at J. Jarvis and Sons, builder and civil engineering contractor, left the figure for the March 31, 1978 year, down at £519,248 against £612,357.

In March, when reporting a drop from £278,000 to £151,100 in first-half profits, the directors said that orders so far received in the second six months had been at a satisfactory level, which gave the company an excellent basis for increased turnover in 1978-79.

Turnover for 1977-78 was £1.38m lower at £12.64m. After tax of £336,735 (£322,339), net profits fell from £290,218 to £182,513, while the attributable figure emerged at £180,121 (£288,597).

Stated earnings per 25p share are 17.2391p (27.938p) and the total payment is lifted from 8.543p to 9.5417p net, with a final of 5.1417p.

Hillards unchanged at £2.3m

FROM turnover up 16.7 per cent to £82.9m, profits before tax of Hillards, supermarket operator, were maintained at £2.31m for the year ended April 29, 1978. First half profits had risen slightly from £1.01m to £1.15m.

The directors say the group is continuing to expand, but it is anticipated that trading in the next few months will remain difficult.

Earnings per 10p share are given as 36.21p against 36.05p and the final dividend is 3.9301p making a maximum permitted 4.9301p compared with 4.4182p previously.

Turnover for the year includes VAT of £2.34m (£2.01m).

	Year 1977-78 £000	1976-77 £000
Turnover	82,904	71,030
Trading profit	2,005	1,987
Interest*	306	322
Profit before tax	2,311	2,309
Tax	206	218
Net profit	2,105	2,091
Ordinary dividends	287	256
Retained	1,818	1,835

* On short term deposits: includes £123,000 (1977: £83,000) from surplus on sale of short term investments.

Two new stores were opened during the year—at Grimsby in June 1977 and Alfreton in November 1977, but although the group was able to show continued growth in sales, despite the national decrease in consumer spending on food, the results for the full year reflect the severe competition throughout the food retail sector, the directors say.

WYNDHAM ENGINEERING—Turnover for March 31, 1978 year £292,969 (£255,678). Group profit £6,581 (£25,771) after all charges including tax of £3,938 (£7,693). Earnings per 10p share 1.09p (4.285p). Dividend 1.64p (same).

PROVINCIAL CITIES TRUST—Turnover for year to May 31, 1978, £144,927 (£131,692), profit £78,138 (£71,993) after tax £42,278 (£40,539). Earnings per 25p share 1.37p (1.48p). Final dividend 0.8p, making 1.45p (1.3458p).

WEBER HOLDINGS (property, investment)—Pre-tax revenue £53,399 (£58,534) for the first-half 1978. Earnings per 50p share 4.25p (6.45p). Interim dividend .75p (same) net. Directors forecast final of not less than 7.5p (6.5p). Tax £25,800 (£28,531), leaving net profit £27,599 (£30,003). Retained £19,761 (£21,545). Company has close status.

H.T. INVESTMENTS—Pre-tax revenue £107,725 (£98,014) for first-half 1978. Net revenue £62,459 (£55,608). Directors say revenue figures not comparable owing to the incidence of dividend payments. Net asset value per 25p share 121.11p (111.23p). No interim (same). Single payment 4p net for 1977.

WEST COAST AND TEXAS REGIONAL INVESTMENT TRUST—Revenue for first half 1978 £26,769 (£15,908) after tax £27,212 (£15,361). Total net assets £2.6m (£2.38m as at December 31, 1977) and net asset value per 10p share 86.6p (78.5p December 31). Directors anticipate that net revenue for second half will be similar to first half.

SEKONG RUBBER—Results for March 31, 1978, already reported. Market value of investments £1.57m (£0.92m), net current assets £135 (£77,516). Working capital decreased £97,329 (£1,218). Meeting, 10 Mincing Lane, EC, August 15 at 12.30 pm.

NEGRETTI AND ZAMBRA (control systems, aviation instruments) — Results for March 31, 1978, year already known. Fixed assets £1.28m (£1.1m), current assets £6.16m (£5.51m), current liabilities £3.12m (£2.53m). Meeting, Winchester House, EC, August 18, noon.

LCP HOLDINGS—Results for year to March 31, 1978, reported on June 29. Group fixed assets £13.13m (£8.39m), investment properties £22.5m (£18.58m), net current assets £3.64m (£2.49m). Meeting, Birmingham, August 18, at noon.

LEDA INVESTMENT TRUST—Interim dividend 1.139p (0.99p). Group gross first half 1978 £138,272 (£124,634) including subsidiary's profit on dealing £4,424 (£600). Tax £39,168 (£34,572), leaving net revenue £73,056 (£63,032). Earnings per income share 1.47p (1.29p). Net asset value per capital share after conversion of convertible loan stock 52.7p (42.9p).

INDEPENDENT INVESTMENT CO. (subsidiary of Atlantic Assets Trust)—Revenue £50,610 (£50,714) for June 30, 1978 year, after tax of £26,002 (£24,293). Ordinary dividend absorbs £12,900 (£13,750).

GREENBANK TRUST—Gross investment income received £24,035 (£21,034) for half year to June 30, 1978. Net asset value per 25p share 86p (74½p). Board states that as usual, no interim dividend will be paid at this stage but it is expected that the dividend for the year will be at least maintained at 3.1p per share.

ARTHUR HOLDEN AND SONS (lacquers, coatings, varnishes, etc.)—Results for March 31, 1978 year reported July 4. Group fixed assets £3.43m (£2.87m), net current assets £2.98m (£3.18m). Working capital increased £1.06m (£0.32m). Meeting Birmingham, August 18 at noon.

GREENFRIAR INVESTMENT CO—Gross income six months to June 30, 1978 £130,252 (£104,821). Interest £76,706 (£58,500), tax £24,743 (£22,330) leaving earnings £36,509 (£28,982) and 0.96p (0.72p) per 25p share. Net assets 129.4p (108.7p).

DUALVEST—Net asset value per £1 capital share at June 30, 1978, 364½p (347½p at March 31, 1978).

FUNDINVEST—Net asset value per 25p capital share at June 30, 1978, 103½p (99p at March 31, 1978).

VANTAGE SECURITIES—Gross income half year to June 30, 1978, £23,856 (£19,544). Earnings £10,373 (£8,895) after tax £4,537 (£4,658), etc. Earnings per 10p share 0.346p (0.297p). Interim 0.2p (0.15p) net. Estimates indicate that board will be able to recommend some increase in final. Net assets per share 19.1p (16.6p).

CITY AND FOREIGN INVESTMENT COMPANY—Loss for six months to June 30, 1978, £10,400 (£38,000), before tax £400 (nil). Gross income £8,700 (£65,000), before expenses £7,700 (£11,500), dollar loan interest £11,400 (£54,000), sterling loan interest nil (£38,100). Directors say similar improvement in full-year revenue should not be expected. Level of foreign currency borrowings remained at U.S.$0.5m throughout the period, but on May 10, 1978 amount of the facility against which loan is drawn down was increased from U.S.$0.5m to U.S.$1m. Net asset value per 25p share 72p (56p at December 31, 1977).

NEW THROGMORTON TRUST—First interim dividend, 1.8 per cent (same). Pay October 5.

COLONIAL SECURITIES TRUST COMPANY—Interim dividend 3.5p (same—total 8.1p) for 1978. Gross income for six months to June 30, 1978, £255,300 (£246,100). Expenses and interest £34,800 (£25,800). Revenue before tax £220,500 (£220,300). Tax £90,500 (£91,200). Net asset value per deferred stock unit 360½p as at June 30, 1978 (323p as at January 31, 1977).

EMBANKMENT TRUST—Gross revenue for six months to June 30, 1978, £361,371 (£347,247). Pre-tax profit £284,204 (£257,924) after interest, etc. Tax £103,230 (£99,770). Leaving £180,974 (£158,154).

MAY AND HASSELL (timber importer)—Results for year ended March 31, 1978, reported July 11 with directors' comments on prospects. Group fixed assets £10.73m (£10.21m), net current assets £10.64m (£8.25m). Meeting, Bristol, August 18 at noon.

STANHOPE GENERAL INVESTMENT COMPANY—Final dividend 2p making 3.06p (2.74p) for year to March 31, 1978. Pre-tax revenue £99,591 (£94,923). Tax £40,359 (£31,050). Add extraordinary item £8,250 (nil). Earnings per share 4.54p (4.1p). Net asset value per share, 159p (130p).

LOWER PERAK TIN DREDGING—Final dividend of 25 cents Malaysian per share, making 40 cents for year ended April 30, 1978 (15 cents).

Denbyware on recovery trend with £0.8m

A TURNROUND from a deficit of £239,088 to a £803,790 pre-tax profit is reported by Denbyware, the tableware and furniture group, for the year to April 1, 1978. Turnover was up by £1.8m to £11.83m.

When announcing a first-half profit of £225,000 (£406,000), the directors said the second six months should show improvement.

For all the 1975-76 year, a record £1.5m was achieved.

Attributable profit for the year rose from £11,324 to £168,931, after a tax charge of £438,159 (£250,412 credit), and a £196,700 extraordinary debit this time, arising from the decision to run down the Denby Furniture operation—the directors now feel that adequate provision has been made in relation to the closure.

Stated earnings are 8.5p (0.3p) per 25p share and a final dividend of 3.306976p (same) net, maintains the total payment at 5.419476p.

	1977-78	1976-77
	£	£
Turnover	11,825,717	10,020,617
Trading profit	841,960	332,977
Non-recurring costs	—	715,067
Share associates	17,979	50,418
Investment grants	2,006	1,100
Exchange loss	61,125	*91,460
Profit before tax	803,790	†239,088
Tax charge	438,159	‡250,412
Extraord. debit	196,700	—
Attributable profit	168,931	11,324

* Gain. † Loss. ‡ Credit.

Mr. G. H. J. Robinson, the chairman, reports that the company is now in a better position to meet the future and further plans are in hand to improve and control costs with added emphasis being given to new product development.

He is confident that the present year will show continued improvement and says that the company can look forward to steady growth in the future.

As forecast, the group's U.S. business failed to contribute to profits in the year. However, a great deal of effort was put into getting the operation on to a sound basis for the future, the chairman adds.

The inventory is in a healthy condition, following the disposal of many of the slow moving items, and its value has been reduced to a more satisfactory level. Sales for the year showed an acceptable increase, indicating that the group's position in the market place is good he says and it generated a positive cash flow and reduced bank borrowings accordingly.

Denbyware Canada incurred a very small loss—sales showed a satisfactory increase but the margin on sales was smaller than had been hoped due in part to the poor economic situation in Canada, and that for the last two years the group's stoneware has been subjected to a heavy import duty which has adversely affected its competitive position. The inventory is in a better condition and at a lower level, and bank borrowings were not increased, states Mr. Robinson.

Very satisfactory results were achieved by the group's stoneware business in the U.K. and in export markets, other than North America. Exports held at about the same level as last year and, bearing in mind that 1976/77 included a significant initial stocking, the chairman says this result was quite good.

● comment

Denbyware has spent the last two years in tidying up its operations after the ill fated attempts to diversify and expand. The year ending April 1977 bore the brunt of the management pruning with dramatic write-downs of stock after the earlier efforts to sell non-Denbyware products through the U.S. distribution company. Last year Denbyware was still reducing this stock but at prices that meant no profits. So at the end of the day the U.S. outlet accounting for 41 per cent of sales produced a small loss. The company has closed the business selling high quality U.S. furniture in this country — a near £200,000 extraordinary item marks that venture's departure. At the same time the group has been improving its balance sheet. A year ago borrowings of £3.7m were more than shareholders' funds. The latest accounts will show a £0.6m drop in bank debt, a £0.7m drop in creditors and a £0.5m cut in stocks. This year the U.S. business should move into the black, though it may well be 1979 before it can again realise its full earning potential, while at home any sustained improvement in consumer spending must help sales. Profits this year should again top the £1m figure and the shares should find some support at 92p where the p/e is 10.4 and the yield is 9.1 per cent.

U.K. side helps Barclays to 17% first-half rise

STEMMING mainly from UK business and helped by the continuing reduction of provisions against doubtful advances, pre-tax profit of Barclays Bank totalled £154.2m for the first half of 1978. This represents a 17 per cent advance on the £131.5m for the corresponding period and a 13 per cent increase on the £136.1m for the second half of last year.

The control of lending by the supplementary special deposit scheme has recently been re-established and the directors hope that it will not inhibit the bank's ability to meet demands for additional lending for productive investment, says Mr. Anthony Tuke, chairman.

On the international side the improvement in results is satisfactory bearing in mind the fluctuations in exchange rates, he adds.

Stated first half earnings are up from 29p to 33.8p per £1 stock unit and the interim dividend is increased from 5.5p to 6.05p net. Last year's final payment was 5.5491p. The interim on staff stock is held at 7p.

The former holders of The Investment Trust Corporation, who accepted the recent offer to take Barclays ordinary stock in exchange for their shares are not, in accordance with the terms of the offer, entitled to receive the interim.

At the time the offer was made, the Board of Barclays announced its intention in the absence of unforeseen circumstances to increase the aggregate dividend for 1978 by 20 per cent.

	Half-year 1978	1977
	£m	£m
Losses on investts.	0.6	2.9
Depreciation	3.3	7.2
Operating profit	142.4	121.7
Share of associates	21.3	17.7
Loan interest	9.5	7.3
Profit before tax	154.2	131.5
Taxation	80.6	68.4
Profits after tax	73.6	63.1
Minority profits	3.2	4.7
Extraordinary credit	*1.6	0.3
Attributable	70.0	58.8
Dividends	12.3	11.2
Retained	57.7	47.7

* Surplus on disposal of trade investments and part of the group's holdings in certain subsidiaries.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Anglo-African Finance, Drayton Premier Investment Trust, Investing in Success Equities, Midland Bank, Plastic Constructions, Relyon PEWS.

Finals—Brady Industries, N. Brown Investments, General Engineering (Radcliffe), Hardy (Furnishers), Mining Supplies, Sommana, Staflex International, Stavert Zigomala, Steinberg.

FUTURE DATES

Interims—	
Boustead	Aug. 31
Yeoman Investment Trust	Aug. 2
Finals—	
Black (Peter)	Aug. 3
Capital Gearing Trust	Aug. 7
Firth (G. M.) Metals	Aug. 3
Hales Properties	Aug. 1
Heron Motor	Aug. 10
Scottish Homes Investment	Aug. 14
Smith Bros.	Aug. 9
Somportex	Aug. 2
Wagon Industrial	Aug. 7
Wiggins Construct	Aug. 15

Redland grows to peak £39m

IMPROVED PERFORMANCE both at home and overseas by Redland lifted taxable profit for the year to March 25, 1978, by £5.28m to a record £39.44m, with £21.65m against £17.58m, coming in the second half.

Sales by the group, which supplies materials and services to the construction industry, reached £270.56m (£233.97m) including overseas turnover up from £131.2m to £156.45m.

After tax of £16.01m (£15.26m) earnings per 25p share came out at 20.08p (16.62p). A net final dividend of 2.126p takes the total to 4.22p (3.781p).

As known in June this year the group agreed to acquire Automated Building Components Inc. of Florida in a deal worth around $26.2m.

Comparative figures have been adjusted for a change in accounting policy relating to deferred tax.

	1977-78	1976-77
	£m	£m
Sales	270.56	233.97
UK	114.11	102.77
Overseas	156.45	131.2
Pre-tax profit	39.44	34.16
UK	13.84	[illegible]
Overseas	18.27	14
Share associates	7.33	7.5
Tax	16.01	15.26
UK	3.17	4.71
Overseas	12.84	10.55
Net profit	23.43	18.90
Minorities	4.57	1.71
Attributable	18.86	17.19
Retained	14.83	11.71

Mid-term slump for J. I. Jacobs

INCLUDING LAST time a £1.81m surplus on the sale of a vessel, profits before tax of John I. Jacobs and Co., the shipping concern, dived from £2,454,000 to £430,000 for the first half of 1978. At the trading level, the company incurred a £51,000 loss, against a profit of £93,000 last time.

The directors expect there will be no improvement in the group's trading position in the second half, but the level of income from investments and deposits continues to be satisfactory.

For all 1977, the company reported taxable profits doubled from £1.44m to £2.85m.

Turnover for the half year was down from £663,000 to £566,000. Tax took £139,000 (£1.07m) leaving net profits of £300,000 (£1.39m).

The interim dividend is kept at 0.55p net per 20p share and the directors expect the final will be at least maintained at last year's 1.29006p. Retained profits emerged at £173,000 (£1.26m).

	Six months 1978	1977
	£000	£000
Turnover	566	663
Trading loss	51	*93
Inv. income and interest	330	371
Sale of vessel profit	—	1,809
Realisation of investments	222	90
Share of associates profit	24	9
Interest payable	—	24
Provision	148	‡117
Profit before tax	430	2,454
Tax	139	1,068
Net profit	300	1,386
Retained	173	1,259

* Profit. † For diminution in value of listed investments. ‡ Release of provision.

Lynton advances to £1.23m

FOLLOWING A small rise from £523,345 to £536,470 at midway, Lynton Holdings finished the year to March 25, 1978 with pre-tax surplus ahead at £1,232,248, compared with £1,062,745 last time. Rents receivable were up by £0.31m to £2,310,382.

After minorities of £123,814 (£80,809), tax £544,435 (£312,119) and development outgoings, £931,106 (£753,492) met by a transfer from realised capital account, retained profit increased from £270,939 to £546,339.

The dividend total for the year is stepped up from 2.266p to 2.48p per 20p share, with a net final of 1.28p.

Following a professional valuation as at March 25, 1978 of all completed investment properties and after making certain net provisions in respect of properties held for or in course of development, the surplus after deducting minorities amounted to £2,313,581.

Shareholders' funds stood at £17,936,793 (£15,856,997).

Pullman reaches £1.11m

AS EXPECTED, profits before tax of R. and J. Pullman for the year to March 31, 1978, have exceeded £1m, reaching £1.11m compared with the previous year's £955,000. First-half profits had risen from £342,000 to £405,000.

The dividend total also matches the April forecast with a gross final dividend of 6.34p making a total of 9.04p against 8.263p in 1976-77.

Turnover for the year amounted to £12.85m against £11.32m. Tax takes £133,000 (£304,000) leaving earnings per 5p share at 16.7p (11.2p).

The profit and dividend forecasts were made at the time of a private placing of 1.13m new ordinary shares at 80p per share.

The directors say the current year has started well. Both orders and production are ahead of last year's levels.

This year's profits will also benefit from an initial contribution from the recently acquired Gerber Company, while other possible acquisitions are being actively pursued.

The group trades as merchandisers and makers of garments and textiles.

Carlton sees big profit increase

Following the acquisition of a controlling interest by Hawker Siddeley, Carlton Industries has changed its year end to December 31 and now announces a profit of £3.4m for the three months to June 30, 1978, achieved from sales of £24.83m.

In the six-month interim period of the previous year (ended October 31, 1977) the profit was £4.42m from sales of £44.21m—the profit for the whole of that year was up from £7.81m to £10.38m.

In all divisions of the group order books continue to show increases over the same period of last year and if present trends are maintained the directors expect another substantial increase in group profit.

An interim dividend of 2p has already been declared and it is expected that the final will now be paid in May, 1979—for the previous year a total of 5.47p was paid.

As indicated in the Hawker Siddeley offer document Lord Rayne has resigned as a director of Carlton and Lord Townshend has been appointed in his place. Sir John Lidbury (vice-chairman and deputy managing director of Hawker), Mr Michael Parkinson and Mr J. E. Boyd have also been appointed to the Carlton board.

Cardinal Trust makes headway

For the first half of 1978 total revenue of Cardinal Investment Trust advanced from £565,328 to £638,771 and net revenue before tax improved from £363,498 to £403,389.

Total revenue includes other income of £41,322 (£40,500) and net revenue is struck after expenses and interest of £235,182 (£201,830).

Tax for the six months absorbed £156,529 (£136,386).

The net interim dividend per 25p share is raised from 1.5p to 1.65p net—last year's total payment was 3.9p.

At June 30 the net asset value per share was 158p (141p).

ELSWICK-HOPPER

Elswick-Hopper's rights issue of 5,448,444 ordinary shares has been taken up as to 5,144,707 shares.

Shareholders quiz Wm. Press on tax investigations

THE AUDITORS of William Press, the engineering group raided by Inland Revenue investigators in March, were aware of the group's problems involving payments to sub-contractors in 1973. But they were satisfied that the situation did not warrant any qualification in the group's accounts.

This emerged during yesterday's packed annual general meeting of Press. A shareholder asked: "Since the auditors were aware of the matter which is now the subject of an Inland Revenue investigation since 1973, and which now requires a contingent liability of £2m, why had they not qualified the accounts earlier?"

Auditors Tansley Witt and Co. replied that they were satisfied with directors' reports on the situation "and therefore we did not qualify the accounts." After the meeting Tansley Witt added that although they were aware of the existence of the sub-contractors' payment problem they did not feel that the amounts involved were "material enough to warrant any qualification in the accounts" in earlier years.

Press's chairman, Mr. W. A. Hawken, was tackled on how the company was able to arrive so precisely at the £2m contingent liability for any arrears of tax that the Inland Revenue might seek after the completion of its investigation. Mr. Hawken replied, "We appreciate shareholders concern but we cannot say anything on the matter at present."

However, after the meeting Tansley Witt indicated that it had not been involved in the calculation of the contingency. Press had conducted the assessment internally. Press also said that it had calculated the figure internally together with help from "our advisers" which it declined to name.

The tax authorities swooped on Press on March 6 and were acting under rarely used powers granted by the Finance Act of 1976. They had first obtained search warrants from judges of the Central Criminal Court in London and the Sheriff's Court in Paisley, Scotland. The Inland Revenue was particularly concerned with Press's pay as you earn tax and sub-contractor payment records.

At the conclusion of yesterday's meeting one shareholder, congratulating the directors on the performance of the group, said "we did feel for you in your problems earlier this year." Mr. Hawken replied, "we are in good good spirits, and the morale of the company is first class."

Progress at Drayton Commercial

In the half year ended June 30, 1978, net revenue available for the ordinary holders of Drayton Commercial Investment rose from £561,100 to £609,400.

The interim dividend is held at 1.3125p net—total for 1977 was 4.5p per 25p share.

	Half year 1978	1977
	£	£
Gross income	1,279,400	1,306,700
Interest, etc.	260,200	321,100
Revenue before tax	1,018,200	985,600
Taxation	355,300	404,200
Available	609,400	561,100

At June 30, net asset value was 187½p, compared with 170p at the end of 1977.

Marked improvement at Symonds

Turnover for the first three months of the current year at Symonds Engineering Company is showing a marked improvement over the same period last year, and Mr. G. A. Rowley, the chairman, says it will be reasonable to expect a return to more acceptable results in the near future.

As already known, pre-tax profits fell from £201,751 to £192,495 for the year to March 31, 1978, on a 13 per cent sales increase to £1.92m.

Mr. Rowley tells members in his annual statement that currently the strength of the order book supports the decision to proceed with an extension to the group's existing buildings, which will enable it to improve productivity in certain areas of its activities.

The company has "close" status.

Meeting, Great Eastern Hotel, EC, August 17, 11.30 am.

Cosmopolitan Income Fund launched

Managers of the Cosmopolitan Growth Fund announce a public offer by Cosmopolitan fund managers of the Cosmopolitan Income Fund.

The fund will aim to achieve a steady rdise in income together with the prospect of capital appreciation in the units over the longer term. Estimated gross yield at the issue price of 30p will be 11.5 per cent.

Income will be distributed every three months, and the first payment will be made on November 30, 1978. The minimum investment is £500.

Cosmopolitan income fund will invest the proceeds from this offer equally between high yield equities and preference shares. The ordinary shares will be selected to offer a well-above-average yield with the prospect of capital growth in this part of the portfolio as the market upgrades these shares on to a lower yield basis.

DIVIDEND AMENDMENTS

Following the reduction in ACT rate, Land Securities Investment Trust announces a supplementary final dividend of 0.03772p for the year to March 31, 1978.

The final dividend of Avana Group for the year to April 1, 1978, is increased from 0.589p to 0.5979p, giving same gross equivalent of 0.8924p.

JOHN NEWTON

Shares of John M. Newton, the builder and glass merchant are to be no longer listed on the stock exchange but Associated Newspapers which has now increased its stake in Newton to more than 72 per cent may apply for permission to trade in the shares under Rule 163 (2).

M & G critical of Lyons dividend policy

THE DECISION by J. Lyons to forge a final dividend for 1977-78 came under fire from M and G unit trust group yesterday at the company's AGM.

It was the second time in two days that Mr. David Hopkinson, chairman of investment trust managers for M and G, had visited a major AGM to make a plea for consistent company policy on dividends. On Wednesday Mr. Hopkinson attended the Spillers AGM.

Mr. Hopkinson said yesterday that he had recently been involved with three companies facing similarly difficult situations. While Reed International and Spillers had decided to reduce dividends Lyons had decided not to pay any final.

He said the former policy was the better of the two courses. It was no good a company adopting a stop-go policy. To cut dividends made companies vulnerable to predators, said Mr. Hopkinson.

He added that he had no doubt that Lyons would come to shareholders within the next few years for funds. Shareholders would be more likely to support this call where there is a consistent dividend policy.

Earlier Mr. N. L. Salmon, chairman of Lyons, had told the meeting that the company had decided that in view of "the poor trading performance, coupled with the substantial erosion of reserves" it would have been imprudent to have paid a final dividend and "withdraw a further £3½m of cash from the business."

He said the group expected in the current year to show a significant improvement and he was hopeful that this would be sufficient to restore dividends to at least the 1976-77 levels.

At other annual meetings yesterday chairmen reported as follows:—

Eucalyptus Pulp Mills—Sir John Colville spoke at length on two new projects on which the group hopes to embark. He said that for several years the group had been looking into the production of both lignosulponates and high protein cattle feed yeasts from the waste liquors of the calcium sulphrite process used in the Albergaria mill.

The group believed that it could market Lignosulphonates and achieve a high rate of return especially as the closure of sulphite mills in Scandinavia restricted the number of potential producers. The chairman said that the group was about to purchase a spray drying plant which would enable the product to be marketed throughout Europe and the West.

Referring to the plan to produce cattle feed yeast the chairman said that a pilot plant ran for several weeks at the end of last year with satisfactory results. However he pointed out that to put a full scale plant into operation would involve a lot of money.

Exchange Telegraph Company—Mr. John Harvey reported that results for the first quarter of the current year were reasonably satisfactory and showed a slight increase on the same period of last year. He hoped that the trend would continue throughout the rest of the year.

Leigh Interests—Mrs. Joan Agar told members that trading from the group's traditional activities had increased during the first quarter. Effluent disposal and Sealosafe plants both increased profits as did the building and civil engineering division and the motor vehicle dealership.

Sangers—Mr. H. T. Nicholson announced that turnover for the first four months was up 9 per cent: some was due to inflation but there was an increase in volume. The optical side of the business had been expanded rapidly and five new practices had been acqured in the past month with others in prospect.

BIDS AND DEALS

Orme now receives £10m offer from Comben

BY JAMES BARTHOLOMEW

Comben Group is offering £10m to acquire Orme Developments and thereby become the second biggest pure housebuilder on the Stock Exchange after Barratt Developments.

The bid comes only three days after Mr. Bob Tanner and Mr. Peter Whitfield sold 22 per cent of Orme to the mining and building group Saint Piran. Last week Comben offered to buy the Tanner/Whitfield stake but its terms, the same as those now offered to all Orme shareholders, were not accepted.

The terms are 162p in cash and five Comben shares for every six shares of Orme. Taking Comben's closing price of 35p per share last night, the bid is worth 56.2p per Orme share. Mr. Tanner and Mr. Whitfield accepted only 55p per share from Saint Piran but that was in cash. Moreover, the rival offer from Comben was worth less than 55p at the end of last week because Comben shares stood at only about 31p.

The Comben side agreed yesterday that Saint Piran was unlikely to accept an offer worth only slightly more than what it has already paid. But a spokesman for Comben said that the group would probably be quite happy with less than 100 per cent of Orme. After all Comben itself is 76 per cent owned by Carlton Industries which is in turn only 52 per cent owned by Hawker Siddeley.

Mr. Terry Roydon, managing director of Comben, said yesterday that he wanted to buy Orme because it fitted in neatly with Comben and the land bank was attractive.

Orme is well represented in the Midlands and the North West, two of the areas in the country where Comben is weak. The only duplication would take place in South Wales where both are strong.

The Orme Board is considering the offer and will make a further announcement in due course. Charterhouse Japhet are advisers to Orme and Barclays Merchant Bank to Comben.

● comment

The Comben bid looks unlikely to succeed at this price. Saint Piran with 22 per cent and Mr. Tanner and Mr. Whitfield, who still have 5.2 per cent, are unlikely to accept. And since they and their nominees have an important presence on the board of Orme, the company will probably not unanimously recommend the offer to shareholders. But this will not be the end of the matter. Comben could probably dig a little deeper into its pocket if need be, and there is also a chance of other contenders appearing. Mr. Tanner and Mr. Whitfield seem to be managing their final exit from Orme with cunning; they have got the bidding started while retaining a small stake. Meanwhile Saint Piran is developing a happy knack of buying what used to be called "strategic stakes." It recently made a profit on its investment in A. Monk. Net tangible assets of Orme in the last accounts were 34p per share. But if the directors' valuation of the land bank is added (untaxed) the figure rises to 70p. Orme's shares closed last night at 58p, up 8p.

PENTOS BUYS DUBLIN BOOKSELLER

Pentos has acquired Hodges Figgis, a private company which operates one of the principal bookselling businesses in Dublin.

It has its main bookshop in St. Stephens Green in central Dublin and three other bookshops in the greater Dublin area at Donnybrook, Dun Laoghaire, and the campus of University College.

The consideration of £132,300 cash, is approximately equivalent to its present net asset value. Pre-tax profits for the year to March 31, 1978, were £30,000, achieved on sales of approximately £800,000.

GUTHRIE BUYING OUT MINORITY

Guthrie Corporation, the plantation company and overseas trader, intends to acquire the 29½ per cent of Mindustrial Corporation which it does not already own.

Mindustrial is a quoted holding company in Canada.

The 29½ per cent outstanding was worth approximately £1m at the recent market price of C$7 per share. The price which Guthrie will pay for it will be determined after meetings between the two companies. The Mindustrial Board has arranged for an independent valuation.

ENGLISH CARD FINALISING INDIAN SALE

English Card Clothing is finalising the disposal of its 26 per cent holding in the equity of Indian Card Clothing Company, which will reduce its holding to 57.35 per cent.

There will be an offer for sale in India in order to fulfil Indian Foreign Exchange regulations. Net proceeds are estimated at £400,000 and will be remitted to the UK early in 1979.

Book value of the assets disposed amount to £479,000 and net profits therefrom (before tax) for the year to March 31, 1978 amounted to £331,000.

It is expected that proceeds of the sale will be used to reduce bank overdrafts in the UK.

JOHN SWIRE IN BUNKER BROKER VENTURE

Eggar, Forrester (Holdings), shipping brokers and marine consultants, has set up a joint bunker brokering company. Called Eggar, Forrester Oil Services, the new company will be 76 per cent owned by Eggar, Forrester and John Swire and Sons, transport and trading group, and 24 per cent by Marine Oil Consultants (London), independent marine marketers.

It will offer bunker broking services to ship owners, charterers and fuel suppliers as well as providing support and services in the field of ship machinery lubrication. In addition, it will also act as industry and management consultants and agents in the supply and use of all petroleum products.

Cargill stays in the battle for Eastwood

Cargill, the U.S. agricultural group, is to continue its fight to gain control of J. B. Eastwoods, the UK eggs and poultry group, despite the higher offer from Imperial Group, announced earlier this month.

Cargill appears to be pinning its hopes on a Monopolies probe into Imps' £38½m bid—which if it succeeded would give the tobacco, brewing and foods group a 32 per cent share of the UK broiler chicken market as well as substantial shares of the egg and turkey markets.

Cargill said yesterday that it was still interested in acquiring Eastwood but would defer making a decision on whether to proceed with its own £31½m offer until the question of a Monopolies probe had been resolved.

As a result of Cargill's decision to defer its offer, the irrevocable acceptances given to the group by the Eastwood family and directors—respresenting a 35 per cent stake—are cancelled.

Imps currently control a 19 per cent stake in Eastwoods.

THOMSON CLOSES AT 276p

Dealings in Thomson Organisation shares resumed yesterday as the City began steadily digesting the complexities of the deal by which Thomson is to become a wholly owned subsidiary of a Canadian company. Dealing in the shares was fairly active with the price closing at 276p — some 19p below last week's suspension price.

Despite the drop in the share price, the deal has generally been well received. One broker said that the terms were very fair and had been carefully thought out. Thomson's merchant bank advisers in the deal were S. G. Warburg.

The group's share price had opened at 255p as soon as dealings started yesterday, but quickly climbed up to around the 270p mark. Jobbers appear to have decided that a price range of between 270p and 280p was realistic and anything below this mark would prompt buying.

ASSOCIATE DEALS

On July 28, J. Henry Schroder Wagg purchased 10,000 Bowater ordinary shares at 187p on behalf of associates.

Hill Samuel bought for a discretionary investment client 50,000 Associated Engineering at 111½p and sold 500 T. Tilling at 126p.

Newman Industries bought ordinary shares of Wood and Sons (Holdings) as follows: Non-assented 22,712 at 55p, assented 40,210 at 55p.

Vickers da Costa, brokers to Fluidrive Engineering, bought 10,000 Fluidrive at 82p on behalf of a discretionary investment client.

RACAL SOUTH AFRICAN DEAL

In the document from Grinaker Holdings containing its R8.6m bid for Racal Electronics South Africa (a subsidiary of Racal of the UK) it is stated that Racal has arranged to repatriate R5.2m of the consideration due to it in "free rands," without going via the Securities Rands market. The latter stands at a discount of 40 per cent to the official Rand parity of R1: $1.15.

The key to the transaction is that Racal South Africa will declare a dividend of R5.2m to an intermediate holding company, SMD Electronics, a subsidiary of the UK group. Dividend payments are freely remittable from the Republic at the official exchange rate. The balance of R2.4m will be retained in South Africa but since Racal has no other interests to which it could be applied, analysts believe it will be remitted in the form of securities rands. In sterling terms, the sale could therefore yield Racal about £4m.

NO PROBE

The proposed acquisition by Ready Mixed Concrete of a 50 per cent share in British Dredging (sand and gravel) is not to be referred to the Monopolies Commission.

CUSTOMAGIC

The reverberations from Mooloya's controversial bid for Customagic continue. Sir Cecil Burney who resigned from the Board of Mooloya during the bid has said he will remain chairman of Customagic and that the directors who opposed the offer have maintained their 23 per cent stake in the company.

To date Mooloya has acquired a 56 per cent holding on the back of which it has declared its bid unconditional. In a letter to Customagic shareholders sent out yesterday Sir Cecil says that in the view of the independent directors Mooloya should have extended the terms of its offer once it increased its offer by a penny.

Mooloya was ordered to increase its offer as a result of Take-over Panel ruling. The Panel has also criticised Mooloya and its merchant bank advisers Charterhouse Japhet over their handling of the bid.

Dixor's new financing arrangements

Dixor, cosmetics manufacturer, has agreed to purchase from Towngrade Properties the leasehold premises at 2-38 Zion Road, Thornton Heath, Croydon, for a total consideration of £265,000.

It has already paid £49,000 for the property and the balance is payable on completion date, August 18.

To meet this balance, to finance costs of refurbishment and the installation of new plant and machinery and also to provide additional working capital, arrangements have been made with bankers (Barclays), under which Dixor may borrow up to £423,000, subject to shareholders' approval. These arrangements comprise a loan facility of £250,000 and an overdraft facility for £175,000. The loan is to be repaid over 7 years by equal quarterly instalments of £10,417.

It is a term of the loan facility that within 18 months, the total borrowing facilities available to the group should be reduced to the equivalent of net tangible assets. In order to comply, Dixor considers it will be necessary to increase the capital and discussions have taken place with certain principal shareholders as to the best means of achieving this.

No firm proposal has yet been formulated, but undertakings have been obtained from Mr. R. E. Bloye, Mr. N. H. Davis, Mr. P. G. Belak and Mr. D. N. Wood (who together hold 30 per cent of the capital), that if proposed by the company, they will together contribute £100,000 in subscribing for further ordinary shares within the next 10 months which might be subscribed in the context of a rights issue.

Dixor's results for the six months ended March 31, 1978, show sales of £192,222 and a pre-tax profit of £20,900. Because of stock relief and capital allowances, the Board does not anticipate any tax liability will arise in the foreseeable future.

Mr. Jessel buys into Clifford

Mr. Oliver Jessel, former chairman of the £500m Jessel Securities financial empire which collapsed in 1974 has agreed to buy a 29.4 per cent stake in the Birmingham based metals group Charles Clifford Industries.

Mr. Jessel is using the vehicle of Clairmace—the former Sri Lankan tea company and one of two public public companies run by Mr. Jessel since the failure of Jessel Securities—to purchase the strategic holding in Clifford from Cooper Industries.

Clairmace, whose shares are dealt in under Stock Exchange Rule 163 (2), is to pay a total of £360,000 for its stake which includes 1,500 Clifford preference shares. The deal is thought to value the ordinary at around 130p.

Last night Clifford shares closed 10p up at 110p while Cooper Industries shares remained unchanged at 20½p. Mr. Charles Cooper, chairman of Cooper Industries, will now resign from the Board of Clifford as will Mr. John Cooper.

The Cooper family and directors hold around 30 per cent of Cooper Industries, the West Midlands steel re-rollers and precision engineers.

Mr. Jessel, former chairman of steel group Johnson Firth Brown, is to join the Clifford board with three of his associates. Clifford has not had a smooth run in recent years.

to forego a dividend payment despite a turnround from an £89,000 pre-tax loss to a £131,000 pre-tax profit.

The Board had forecast a loss of £35,000 before tax. Extraordinary items have occurred since October 31, 1977 and relate mainly to the sale of the group's property portfolio and the EIH Electronics sale.

The accounting period ended October 31, 1977 will be unaudited and results for extended 17 month accounting period to March 31, 1978 are currently being audited.

EDINBURGH INDS. SELLS STAKE IN A. & E.

Welsh Development Agency (Holdings), a wholly owned subsidiary of The Welsh Development Agency, is to purchase from Edinburgh Industrial Holdings a 40 per cent stake in its wholly owned subsidiary A and E Instrumentation for a consideration of £95,000.

In due course Welsh Development will appoint a non-executive directors to the Board of A and E.

On March 31, Edinburgh Industrial sold EIH Electronics, results of which have been excluded from Edinburgh's figures for the year to October 31, 1977. These showed a pre-tax profits of £27,000 compared with £46,000 on turnover of £2.45m (£2.97m). Earnings per 12½p share are given at 0.001p (0.7p).

EMI PURCHASE

EMI has acquired the Universal Parking Meter Company, Tonbridge, Kent, designers and manufacturers of ticket-handling equipment.

The purchase is intended to strengthen EMI's position in the automated access and control systems business, particularly in relation to transportation.

BPC PURCHASE

British Printing Corporation has agreed to purchase 5 per cent of the capital of B. Taylor and Co. (Manchester) for £62,500 to be satisfied by the issue of 125,000 ordinary shares. BPC now controls 95 per cent of Taylor.

BANK RETURN

—	Wednesday July 26 1978	Inc. (+) or Dec. (−) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	30,231,623	− 2,360,10[illegible]
Special Deposits	871,575,000	—
Bankers	361,018,659	− 234,768,44[illegible]
Reserves & Other Accts	690,845,755	+ 65,235,57[illegible]
	1,948,522,035	−191,611.17
ASSETS		
Govt. Securities	1,295,558,087	+ 61,285,00[illegible]
Advances & Other Accs	360,322,131	− 305,142,11
Premises, Equip't & other Secs	270,308,852	+ 49,093,84
Notes	22,377,725	+ 2,946,36
Coin	217,259	+ 5,85
	1,948,522,035	−191,211,17
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,725,000,000	+ 25,000,00[illegible]
In Circulation	8,702,622,175	+ 22,053,73
In Bank'g Dept	22,377,725	+ 2,946,26
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs	7,234,099,109	− 269,077,73
Other Securities	1,479,885,791	+ 294,077,73
	8,725,000,000	+ 25,000,0[illegible]

SHARE STAKES

Sime Darby Holdings—Dr. C. C. Cheung, director, has disposed of his entire holding of 30,000 shares.

Sketchley—As at July 10, 1978, Britannic Assurance Co. was interested in 925,000 ordinary shares (6.17 per cent).

Trafalgar House—As a result of acquisition of 50,000 shares on July 21, 1978, Kuwait Investment Office has interest in 9,322,000 ordinary shares (5.83 per cent).

Sotheby Parke Bernet Group—Mr. P. M. H. Pollen, director, sold 25,000 ordinary shares on July 20, 1978 and 25,000 on July 21, 1978.

Crossley Building Products—Bowater Building Products and Furniture holds 610,000 shares (9.06 per cent).

Scottish Heritable Trust—H. M. McMaster has advised that a company in which he holds beneficial interest has sold 29,285 shares at 23p.

Vectis Stone Group—C. E. Wilkinson has acquired a non-beneficial interest in a trustee capacity in 1,176,924 shares (22.75 per cent). These shares were also the subject of a declared non-beneficial interest of the late T. W. Blyth, in a trustee capacity, until his death. They have hitherto been recorded under director's interests until the death of the director concerned on May 11, 1978.

Dufay Bitumastic—C. Attwood, chairman, has sold his total beneficial interest of £18,000 of 7¾ per cent unsecured loan stock 1985 in Dufay Titanine.

Malaysiam Tin—Cosmopolitan Growth Unit Trust on July 10 and 11 sold 15,000 shares reducing holding to below 5 per cent.

Chubb and Son—Kuwait Investment Office acquired on July 18 25,000 shares making interest 4,525,000.

Empire Plantations and Investments—Linkon recently sold 30,000 shares reducing holding to 829,600.

British Tar Products—Resulting from recent rights issue, London Trust Co. now holds 1.23m ordinary shares (9.4 per cent).

Marling Industries—Mr. P. R. J. Held has transferred a total of 231,108 shares to members of his family and a family charitable trust.

Allied Breweries—Mr. K. S. Showering, a director, has sold 200,000 ordinary shares in which he was non-beneficially interested.

Lunuva (Ceylon) Tea and Rubber Estates—Mr. F. W. Harper is interested in 2,000 ordinary stock units non-beneficially.

Norwest Holst—Bishopvale has disposed of 10,000 ordinary shares and is now interested in 621,957 (6.83 per cent).

City Hotels Group—Mrs. M. B. Gutman has sold a further 15,000 ordinary shares reducing her holding to 260,000 (6.93 per cent).

Singapore Para Rubber—Kepong Investments has increased holdings to 160,500 shares.

Centreway—George Whitehouse (Engineering) has acquired a further beneficial interest in 5,000 ordinary shares bringing total interest to 178,500.

Bambers Stores—Mr. L. Vernon, director, has sold 20,000 ordinary shares.

Plantation Holdings—Mr. J. K. Money, director, sold 25,000 ordinary shares at 79p on July 31 and 75,000 shares at 74½p on July 26.

Yorkshire Chemicals Limited

YCL

The Directors announce the unaudited results of the Group for the half year to 30th June, 1978, with comparative figures for the previous year.

	First half 1978 Jan./June £'000	First half 1977 Jan./June £'000	Full year 1977 £'000
Group Sales			
United Kingdom	2,792	2,971	6,085
Overseas	8,268	8,877	16,350
Total Group Sales	11,060	11,848	22,435
Group Trading Profit	2,133	2,400	3,891
Depreciation	646	685	1,298
	1,487	1,715	2,593
Interest Payable	507	566	1,046
Group Profit before Taxation	980	1,149	1,547

RESULTS FOR THE FIRST HALF OF 1978

Your Directors are pleased to be able to report a recovery in Group Profits for the half-year ended 30th June, 1978, as compared with the half-year ended 31st December, 1977.

After two extremely bad months at the beginning of the half-year, sales volume has shown a steady increase both in the United Kingdom and overseas. Selling prices have also shown a slight improvement, but there are many markets in which prices remain weak and profit margins are unsatisfactory.

Other factors contributing to the recovery in profitability are the effective control of our organisation costs and the favourable average level of exchange rates against £ Sterling during the period compared with those used in the Accounts at 31st December, 1977.

Profits have been calculated by using an average exchange rate and this method will be used at the year end. This change has not had a major effect on the profits for the half-year but it could result in eliminating misleading fluctuations in profit in future periods.

CAPITAL EXPENDITURE

Capital expenditure during the half-year was £850,000 and is expected to be approximately £1,300,000 for the full year.

RIGHTS ISSUE TO ORDINARY SHAREHOLDERS

The Board is proposing to raise approximately £3.1 million by the issue of new Ordinary Shares to Shareholders by way of a Rights Issue. The Board intends to use the proceeds of the Issue to reduce bank indebtedness, thus improving the Group's capital gearing and to complete the Group's current capital expenditure programme which it is estimated will total £2 million and will cover the period to the end of 1979. This expenditure includes the provision of additional capacity for the manufacture of dye intermediates and new dye finishing equipment; the replacement of existing dye production units and associated factory services with more efficient equipment.

TRANSPRINTS (UK) LIMITED

Trading conditions for our Associated Company, Transprints (U.K.) Limited, have improved slightly but remain difficult.

PROSPECTS

The recent improvement in trading has created a feeling of greater optimism than existed a few months ago and it is expected that the present level of activity will be maintained throughout the second-half of 1978.

DIVIDEND

The Directors have declared an Interim Ordinary Dividend of 2.39525p per share to be paid on the 4th October, 1978, to Shareholders registered on the 4th September, 1978.

APPOINTMENTS

LEGAL NOTICES

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of:

No. 002280 of 1978
KAYGROVE LIMITED
No. 002282 of 1978
SAUNHILL LIMITED
No. 002283 of 1978
MRH (BUILDERS & MECHANICAL SERVICES) LIMITED
No. 002284 of 1978
SHIELS AND DELANEY CONVERSIONS LIMITED
No. 002287 of 1978
CAVENDISH GENERAL SERVICE (MANAGEMENTS) LIMITED
No. 002288 of 1978
JOHN MARTIN SHIRT CO. LIMITED
and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the Winding-Up of the above-named Companies by the High Court of Justice were, on the 17th day of July 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 9th day of October 1978, and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on, or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 6th day of October 1978.

No. 002241 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of RUSTLEGRADE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 13th day of July 1978, presented to the said Court by THE FIRST NATIONAL BANK OF CHICAGO whose principal place of business in England is at 1 Royal Exchange Buildings, Cornhill, London EC3R 3DR, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 9th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

COWARD CHANCE,
Royex House,
Aldermanbury Square,
London EC2V 7LD.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 6th day of October 1978.

MINING NEWS

Gold Fields' Renison tin mine shines

BY KENNETH MARSTON, MINING EDITOR

WHILE THE boom conditions in gold must be providing almost an embarrassment of riches for Consolidated Gold Fields which is pursuing a policy of diversification outside South Africa, latest results from the UK group's Australasian interests make a mixed showing.

An outstanding success is the Renison tin mine in Tasmania. Buoyant tin prices, increased production and the successful commissioning of the mine's leach plant are reflected in an advance in consolidated net profits for the year to June 30 to A$17.92m (£10.83m) from $A10.66m in 1976-1977.

The latest earnings per share amount to A$1.23, out of which a final dividend is declared of 50 cents which follows an interim of 42.5 cents. For the previous year the total dividend distribution amounted to the equivalent of 50 cents after adjusting for the one-for-one scrip issue.

The group's Bellambi Coal operation in New South Wales has done less well in the past year to June 30. Despite higher sales of coal and coke, profits come out at A$4.43m against A$5.52m. A final dividend of 22.5 cents makes a total of 40 cents compared with 45 cents in the previous year.

Bellambi says that a debit item of A$279,000 represents a disputed assessment of gift duty with respect to payments made by Societe Anonyme Le Nickel to Bellambi's wholly-owned subsidiary, the Federal Coke Company.

An objection lodged with the Commissioner for Taxation was rejected and the company has been requested by the commissioner to forward the objection to the Supreme Court. An objection has also been lodged with the commissioner regarding an assessment of A$213,000.

It is stated that operating profits for the second half of the year were seriously eroded by shipping congestion at Port Kembla. This caused a substantial loss of sales and also resulted in mine production being reduced and coal stockpiles being increased.

Finally, the struggling Mount Lyell copper operation in Tasmania, which is being kept going thanks to government aid, managed to reduce its deficit to A$3.72m in the year to last June from A$14.92m in the previous 12 months.

The lower deficit, after depreciation, tax and Government subsidy (A$3.06m), was achieved by a reorganisation of mining operations in the face of a lower price for copper. The reorganisation gave higher copper production as a result of significantly increased ore grades and metal recoveries.

Mount Lyell has been receiving subsidies from both the Federal and Tasmanian governments to meet its cash shortfall from mining. Negotiations are continuing with the two governments on the question of future subsidies; the federal government has extended aid for three months from July 1 pending the outcome of negotiations.

CAN. TUNGSTEN COMMENTS ON URANIUM HOPE

Canada Tungsten Mining said uranium oxide mineralisation encountered in northern Quebec by a team of Quebec Government geologists was on property leased by the company but it did not participate in the exploration and cannot confirm the results.

The Quebec Department of Natural Resources earlier reported that two Government geologists recently examined the property about 125 miles north of Schefferville and that two "selected samples" from a three-feet deep trench assayed 46.5 per cent uranium and 9.2 per cent lead and 33.9 per cent uranium and 6.9 per cent lead respectively.

The company said that it was common practice for Government geologists to conduct their own survey of a leased property. Canada Tungsten is part of the diversified U.S. group Amax.

ROUND-UP

America's Utah International says that the combined mining unions in Australia have recommended acceptance of an agreement which will end a six-week strike by about 1,750 miners at four coking coal mines operated by Utah Development in Queensland, Australia. Utah Development is 89.2 per cent owned by Utah International, a wholly-owned subsidiary of General Electric.

* * *

South Africa's Stilfontein gold mine's Margaret shaft has been severely damaged and its production loss is expected to total 12,000 tonnes of ore a month. Repairs will affect hoisting at the shaft for about three weeks.

* * *

The U.S. House of Representatives has approved a Bill which would establish a licensing programme for U.S. companies which want to begin underwater deep sea mining for minerals such as nickel, cobalt, manganese and copper. The licenses would be issued until the UN Law of the Sea Conference reaches agreement on undersea mining. Licenses would be issued only to applicants with the technical and financial capability to mine seabeds and who will adequately protect the ocean's environment.

PROFIT DECLINE AT PLACER

Canada's Placer Development reports a 5 per cent decline in first-half net income to C$10.5m (£4.9m), or 87 cents per share, from C$11.1m, or 9 cents, in the period of last year.

The decline is attributed to a poor performance at 71 per cent-owned Gibraltar Mines, the big-tonnage, low-grade, open-cast copper producer in British Columbia. Gibraltar had a first-half loss of C$700,000 compared with a profit of C$1.3m a year ago. The average grade of ore milled was down. Furthermore, the mine has been on strike since May 26.

MINING BRIEFS

BISICHI-JANTAR (NIGERIA): June output—25.1 tonnes of tin concentrate and 29.42 tonnes of columbite, bringing the cumulative totals after the first six months of the current financial year to 199.44 tonnes and 194.17 tonnes respectively.

OIL AND GAS NEWS

Japan-China in joint venture

Japan and China will develop the oil and gas resources of the Gulf of Po Hai, south east of Peking, as a joint venture, Mr. Jin Miyazaki, vice president of Japan's National Oil Corporation, said in Tokyo.

Mr. Miyazaki was speaking at a press conference after heading a mission to Peking. Detailed discussions on the shape of the venture will take place in September.

Technical co-operation and equipment aid will be provided by Japan.

* * *

Forest Oil of Denver announced a potentially significant gas discovery in Eugene Island block 309, some 90 miles offshore Louisiana in the Gulf of Mexico.

The gas was found at depths previously unexplored in the vicinity and about 2.25 miles from the nearest production platform. The well has not yet been flow-tested.

Apart from Forest, the operator, other companies involved in the venture are Columbia Gas Development, Texas Gas Exploration and the Consolidated Natural Gas subsidiary, CNG Producing.

* * *

Marathon Oil has penetrated several sands with encouraging oil and gas potential in the Kakap block KG-1X offshore Indonesia, about 75 miles north of Jakarta.

Seven of eight sands tested recovered light gravity, low sulphur oil. One sand produced gas and condensate. Additional wells are planned to evaluate the structure.

Other companies involved in the exploration are Pertamina, the Indonesian state concern, Hudson Bay Oil and Gas, and Coastal States Gas.

* * *

Husky Oil is studying a joint proposal from Gulf Canada and Petro-Canada for the development of heavy oil in the Lloydminster region of Canada, a statement issued in Cody, Wyoming, said. The proposal springs from negotiations which started a year ago.

* * *

Elf-Aquitaine, the French state group, plans to start drilling in September off the French Atlantic coast on a block of the Loire-Maritime area. Drilling will take place in 175 metres of water and could last for two months. The exploration well will be the first in the area.

Gallaher dips in first half

WITH ONLY domestic tobacco showing improved trading performance Gallaher, a subsidiary of American Brands, reports a marginal fall in pre-tax profit from £22.7m to £21.8m for the six months to June 30, 1978. Group sales, excluding sales taxes and taking account of duty changes, moved ahead from £680.5m to £741.5m.

A decline in trading profit from £12.5m to £11.4m in the second three months left the total lower at £23.3m (£23.8m).

Profit this time benefited from lower interest charges of £1.5m (£3.1m). After tax of £11m (£11.2m) the net surplus emerged lower at £10.8m (£11.5m). For the whole of 1977 profit was £48.4m.

An analysis of sales and trading profit shows: domestic tobacco £500.1m (£447.5m) and £16.2m (£14.3m); overseas tobacco £85.5m (£85.8m) and £1.1m (£2.4m); engineering £27.6m (£26.8m) and £1.4m (£2.4m); optical 16.3m (£15.5m) and £2.7m (£3.2m) and distribution £112m (£86.9m) and 1.9m (2.5m).

Depreciation net of industrial grants took £5.5m (£5.1m). After minorities of £0.1m (£0.2m) attributable profit was down from £11.3m to £10.7m.

DCI Holdings returns to profitability

Recovery to a record pre-tax profit of £123,920 was achieved by DCI (Holdings), a Glasgow based property group, for the year to February 28, 1978, compared with a £15,000 loss for the previous corresponding 12 months. Development turnover amounted to some £1m and earnings per share emerged at 14.5p.

In the current year development will start on St Andrew's industrial estate, Glasgow, which will create a contribution to profit and indirect overheads of £0.25m, and also work in conjunction with a national contractor will begin on a commercial development which will produce a fixed contribution of £150,000.

Rexmore sees upturn

On the basis of first-quarter returns showing group turnover almost 20 per cent up on the same period last year, Mr. A. Rosenblatt, chairman of Rexmore says that he is confident of reporting higher profits for the current year.

In the year ended March 31, 1978 group pre-tax profit declined from £980,150 to £892,134 after absorbing losses of some £300,000 on the warp knitting operation.

The chairman says that the textile trades generally are hopeful that the current upsurge in demand which is reflected in the sales figure for the first quarter will be sustained throughout the year and the group is able to satisfy this increased demand.

In the dyeing and finishing division further progress was made during the year at R. Cawley and Co. (Manchester) and the high level of activity and efficiency is continuing into the current year. Referring to S. and A. Driver of Stalybridge the chairman says that the problems caused by overcapacity at home and cheap imports combined to intensify the seriousness of the situation.

The worst is over at Stalybridge and the chairman feels that the turnround is definitely achievable. The company is currently breaking even and there is a large forward order position.

COMPANY NOTICES

EDWORKS (1936) LIMITED
(Incorporated in the Republic of South Africa)

Directors: B. Dodo, M. M. Dodo, S. M. Dodo, S. A. M. Davidson, G. G. Deal, L. Krassin, V. G. Mansell, B. Michel, B. E. Sinclair.
Alternate Directors: W. Michel, D. H. Edge

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT, for purposes of the Meetings to be held on 16th August 1978, the Share Transfer Books and Share Registers of the Company will be closed from 14th August 1978 to 16th August 1978, both dates inclusive.

By Order of the Board,
D. H. EDGE, Secretary.

Head Office:
1-5 Somers Road,
P.O. Box 509,
PORT ELIZABETH, 6000.
Transfer Secretaries:
Republic Registrars (Pty.) Limited,
10th Floor, St. Mary's Building,
85 Eloff Street,
JOHANNESBURG, 2000.
London Transfer Office:
6 Greencoat Place,
LONDON SW1P 1PL,
ENGLAND.
21st July 1978.

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION LIMITED

3½% Debenture Stock 1979/84
5½% Debenture Stock 1986/88

Notice is hereby given that the REGISTERS of the above mentioned DEBENTURE STOCKS will be CLOSED for TRANSFER and REGISTRATION from 18th to 31st August 1978, both days inclusive.

By Order of the Board
H. J. McTurk, Secretary
18 Palmerston Place,
Edinburgh EH12 5BR
28th July 1978

CROSSLEY BUILDING PRODUCTS LIMITED

25p ORDINARY SHARES

We hereby give notice that the Share Transfer Books and Register of Members of the 25p Ordinary Shares of the Company will be closed from Tuesday, 15th August, 1978, to Thursday, 7th September, 1978 (both days inclusive) for the preparation of dividend warrants.

By Order of the Board,
G. H. M. GIBB, Secretary.

TOWN & CITY PROPERTIES LIMITED

NOTICE IS HEREBY GIVEN that with effect from 21st August, 1978, the address of the Company's Transfer Office will be 222, Tottenham Court Road, London W1P 0HH.

P. H. GIMSON, Secretary.

THE BIRMINGHAM MINT LTD.

NOTICE IS HEREBY GIVEN that for the year ended 1st April 1978 a final dividend of 3.36p on each Ordinary share will be paid on Thursday, 7th September 1978 to all holders of Ordinary shares registered in the books of the company at the close of business on Friday, 4th August 1978.

By Order of the Board.
A. SINGER, Secretary.

RAND SELECTION CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF U.S. DOLLAR 6½ PER CENT CONVERTIBLE LOAN 1986

Bondholders are notified that copies of the Annual Report of Rand Selection Corporation Limited for the eighteen months ended 31st March, 1978, may be obtained from the office of:—

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
40, Holborn Viaduct
London EC1P 1AJ

Registered Office:—
44 Main Street,
Johannesburg 2001.
28th July, 1978.

BOND DRAWINGS

CIMENTS LAFARGE

1965/1980 6% $US 10,000,000

On July 14, 1978, Bonds for an amount of $US 703,750 have been drawn for redemption in the presence of a Notary Public.

The Bonds will be reimbursed coupon No. 14 and following attached on and after September 15, 1978.

The drawn debentures are those NOT YET PREVIOUSLY REDEEMED, included in the range beginning for:

Bonds of nominal $US 1,000: at 018 up to 803 incl., at 6696 up to 7462 incl.

Bonds of nominal $US 250: at 8161 up to 12212 incl.

Amount called for redemption: $US 1,001,000.

Amount purchased in the market: $US 297,250.

Amount unamortized: $US 2,188,000.

Outstanding drawn Bonds:
Bonds of $US 1,000
2054, 4392 and 4393, 4418, 4436 to 4440 incl., 4552 to 4554 incl., 4571 to 4580 incl., 4641, 4661, 4800, 4832, 4897 to 4905 incl., 4916, 4927, 4946, 4991, 4996 and 4997, 5000 to 5020 incl., 6145.
Bonds of $US 250
7512 to 7516 incl., 7532 to 7540 incl., 7557, 7565 and 7566, 7569 and 7570, 7765 to 7772 incl., 7904 to 7914 incl., 7956 to 7959 incl., 7965 to 7972 incl., 7977 to 7980 incl., 17072 and 17073, 17082, 17272.

Luxembourg
July 28, 1978.

VILLE DE NANCY
5% 1971/1986 UA 10,000,000 LOAN

On July 14, 1978 Bonds for an amount of UA 560,000 have been drawn for redemption in the presence of a Notary Public. The Bonds will be reimbursed at par coupon No. 8 and following attached on and after September 15, 1978 according to the conditions of the Bonds.

The numbers of the drawn Bonds are as follows:
051 to 070 incl., 072 to 120 incl., 136 to 167 incl., 169 to 185 incl., 188 and 189, 192 to 198 incl., 9,414 to 9,467 incl., 9,469 to 9,453 incl., 9,495 to 9,515 incl., 9,519 to 9,528 incl., 9,576 and 9,577, 9,580 to 9,589 incl., 9,600 to 9,659 incl., 9,750 to 10,000 incl.

Amount purchased on the market: UA 90,000.

Amount unamortized: UA 5,450,000.

Outstanding drawn Bonds
2,548 to 2,550 incl., 2,562 to 2,581 incl., 2,590, 2,600, 2,603, 2,668 to 2,675 incl., 2,700 and 2,701, 3,403 to 3,409 incl., 3,425.

Fiscal Agent
KREDIETBANK S.A.
Luxembourgeoise

Luxembourg,
July 28, 1978.

CLUBS

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Gulf income drops 23% in sharp setback

By David Lascelles

NEW YORK, July 27.

AS FURTHER oil majors today announced large *increases in* earnings, Gulf Oil continued to show signs of distress by reporting a 23 per cent drop in income in the second quarter of this year.

Earnings were $175m (90 cents a share) *against $216m ($1.11* a share) in the same quarter last year, and revenue dipped to $4.72bn from $4.82bn. As a result, the return on shareholders' equity for the 12 months ended June 30 fell to 8.1 per cent from 9.7 per cent a year earlier.

Gulf, which has been struggling to overcome problems of bad management and a cash squeeze, blamed *reduced profit* margins on world-wide refining and marketing operations, and *higher* financial charges

Mr. Jerry McAffee, chairman, said that while the results were disappointing, "we are encouraged by the fact that the principal areas of our business, particularly in the U.S., *showed improvement* over the first three months of this year. It should also be pointed out that we have only begun to benefit from the extensive *cost - cutting* programme initiated in late April."

Meanwhile, the White House announced that Gulf Oil has entered a compromise agreement with the Federal Government to pay $42.2m to the U.S. Treasury *in settlement* of Department of Energy allegations that Gulf overstated costs for crude oil acquired by its *foreign affiliates*, AP-DJ reports from Washington.

The agreement settles a case in which Federal Energy officials in April 1977 issued Gulf "a notice of proposed disallowance" of $79.6m in costs. At *that time the Federal Energy* Administration charged that Gulf Oil had overstated costs for crude acquired for Gulf affiliates in Venezuela, Ecuador, Colombia, Nigeria and Angola between August 1973 and May 1975.

Gulf said later that the payment to the Energy Department "will not adversely affect 1978 earnings since adequate provision was made in prior years."

Gulf's difficulties were highlighted by news from Mobil, the second largest oil company, that earnings in the second quarter had risen 21 per cent to $295m, or $2.78 a share, on *total revenues of $8.9bn.*

Other companies to announce higher earnings today include Continental Oil, whose income rose 31.7 per cent to $153.8m ($1.43 a share)

Less satisfactory results came *from Shell Oil*, which announced a 2 per cent increase in earnings to $179m, leaving per share earnings one cent lower at $1.21

Standard Oil of California also reported a 7.5 per cent drop *in earnings to $255m ($1.50 a* share, down from $1.60), blaming a wide number of special factors.

AP-DJ adds: **Marathon Oil** reported six months net results of $100.8m or $3.34 a share, against *$90.2m* or $3. Revenue was $2.38bn against $2.26bn.

Second quarter surge in Bethlehem Steel earnings

BY JOHN WYLES

NEW YORK, July 27.

BETHLEHEM STEEL, the second largest U.S. producer and until recently one of the most troubled, enjoyed a 143 per cent *surge in earnings in the second* quarter.

Having closed facilities at Johnstown, Pennsylvania and Lackawanna, New York, at the end of last year, Bethlehem has been in a much stronger position *to benefit from this year's firm* demand for steel. The company's profit margins have clearly improved.

Net earnings in the quarter were $84.8m ($1.95 a share) compared with $34.8m (80 cents a share). Sales increased by 6.6 per cent to $1.6bn. Six-monthly net earnings were $85.9m ($1.97 a share) on sales of $2.98bn compared with $9.6m (22 cents a share) on sales of $2.73bn.

Underlining the point of profit margins, the company's second quarter shipments were marginally lower during the quarter than in the same period last year —*3.46m tons against 3.54m tons.* Similarly, six-month shipments are down from 6.55m tons to 6.66m tons. Production in the quarter was up from 4.9m tons to 5.01m tons and, in the six months, from 7.76m to 9m tons.

Mr. Lewis Foy, the chairman, emphasised the "significant benefits" realised from plant closures, reduction of overheads, and improved efficiency, but he drew attention to the fact that the company's ship-yard operations were losing money this year and in particular, the Sparrow's Point yard, which has specialised in *large oil tankers, was being* examined very closely.

Meanwhile, AP-DJ reports that Lykes Corporation announced net profit for the second quarter *of $7.6m against a loss of $26.3m* for the comparable period.

This year's second quarter share net equalled 56 cents.

The 1978 second quarter results include recurring items related to prior periods of $9.4m. These items involve periodic inventory adjustment of steel divisions raw materials.

Formal bid for stake in Corco

SAN ANTONIO, July 27.

ARABIAN Seaoil Corporation SA, a *company representing a* group of private investors headed by Mr. Roger E. Tamraz, has made a formal proposal to acquire an interest in Common*wealth Oil Refining Company* (Corco). Mr. Edward D. Doherty, president and chief executive officer of Commonwealth, announced.

A preliminary proposal was made to Commonwealth's Board by this group of investors in May.

Under the Arabian Seaoil proposal, its wholly-owned subsidiary would purchase a large amount *of Corco's indebtedness* for cash plus shares of regular common stock and senior secured notes of *the subsidiary*. Other Commonwealth Oil indebtedness and claims against the company would be settled through a plan sponsored by Arabian Seaoil *under Chapter XI of the Federal* Bankruptcy Act.

Elsewhere on the oil front, Occidental Petroleum Corporation said in Los Angeles it has withdrawn its application to the Canadian Foreign Investment Review Agency relating to its proposed acquisition of control of Husky Oil.

Also, Occidental said it is applying to the Securities and Exchange Commission to withdraw its registration statement previously filed in connection with its proposed acquisition of Husky.

On June 23, Occidental Petroleum said it had filed a registration statement for the proposed *acquisition of at least 80 per cent* of Husky Oil's stock through an exchange offer.

On June 27, Alberta Gas Trunk Line said it increased its interest *in Husky to 35 per cent from* 4 per cent through open market purchases, and said it had every *intention* of continuing to be a major shareholder in Husky. Subsequently, Petro-Canada called off its tender offer for share of Husky Oil.

Agencies

Williams to provide more data

TULSA, July 27.

WILLIAMS Companies has agreed to amend its registration statement with the SEC covering its proposed acquisition of Rain*bow Resources to include infor*mation relating to the 1975 sale of its pipeline construction operations.

Until Williams provides the additional material, it cannot proceed with the Rainbow *acquisition. The company said* it believes that the statement can be revised and become effective in time to permit Rainbow's shareholders to vote on the merger in late August.

The fertilizer, energy and *metals concern, said it agreed to* provide the SEC with additional information concerning Williams International Group, which purchased most of the business and assets of William's pipeline construction operations in 1975 and *concerning Williams' guarantees* of certain Williams International obligations.

Williams said it will establish a valuation reserve against the Williams International notes it received on the sale by a charge to second quarter net income of $18m or 72 cents a share. The reserve will also include a previously unrecognised gain of 12m on the disposal of the pipeline construction operations.

The resulting $20.6m carrying value of the Williams Inter*national notes will be less than* the book value of the group's net tangible assets and appears to be a "prudent estimate" of the net realisable value of the notes at June 30.

After 2½ years of independent operations, Williams International shows a "substantial loss" mainly because of "severe difficulties" with a major construction project.

However, in view of cetrain management and equipment additions and cost-cutting measures that "convince us that Williams International's expectations of future profitability are realistic . . . we are prepared to continue making our support available to it."

Williams has started negotiations expected to lead to a restructuring and rescheduling of Williams International group's debt to it.

AP-DJ

Downturn for El Paso

HOUSTON, July 27.

EL PASO, the oil and gas pipelines group, had a poor *second* quarter with earnings dropping *from a corresponding* $28.45m or 66 cents a share in 1977 to $22.17m or 50 cents a share. This was in spite of a jump in revenue from $426m to $490m.

At *the half-year stage*, net earnings were down from a corresponding $52.94m or $1.33 a share to $44.91m or $1.01 a share, on revenue up from $825.8m to $933.4m.

On a more optimistic note, *El Paso Company said net earn*ings for the whole of 1978 are still expected to be comparable to those of 1977, in spite of the lower second-quarter and *six-months results. The company* earned $92.1m in 1977.

In marked contrast, Texas Eastern Corporation, the gas and oil pipelines utility, raised second quarter net earnings from $29.04m or $1.18 a share in 1977 *to $30.57m or $1.23 a share.* This was achieved in the face of declining revenue, from $516.1m to $478.2m.

The latest returns bring Texas Eastern's net revenue for the past 12 months to $132.35m, or $5.32 *a share*, compared with $113.01m or $4.63 a share. Revenues totalled $1.97bn, against $1.85bn

Reuter

Overseas operations lift Ford Motor

By Our Own Correspondent

NEW YORK, July 27.

SHRINKING PROFIT margins in North America restrained Ford Motor Company's earn*ings growth in the second* quarter to a mere 1.8 per cent, despite a 22.7 per cent increase in sales.

But as in the first quarter *of the year*, the company's overseas operations have turned in a glittering performance, increasing their share of the company's net income from 33 per cent in April-June last year to 41 per cent. The indications are that Ford has both a better product mix abroad and more scope for passing on price increases.

Ford's net income in the *second quarter was $539.8m* or $4.55 a share compared with $530.4m or $4.49 a share. Sales rose from $9.8bn to $11.89bn. Reflecting a 3.4 per cent fall *in first quarter income*, the company's half-yearly earnings were $1.006bn or *$8.48 a share* compared with $1.013bn or $8.59 a share. Half yearly sales were $21.86bn compared with $18.9bn.

Mr. Henry Ford II, the chairman, said today that the company's after tax return on sales had declined in the second quarter from 5.5 per cent a year ago to 4.6 per cent. However, the company did not point out that the margin of decline on North American sales of cars, trucks and tractors was very much larger. The company's second quarter North American earnings were $316m on sales of $8.3bn, but last year they were $315m on sales of $7bn. Thus the return has fallen from 5 per cent to 3.8 per cent.

The reasons for this sharp decline are rising costs, a thinner product mix with greater reliance on less profit*able small cars, and capital* expenditure requirements which have been revised upwards and are now expected to run at a rate of about $3bn a year until 1982.

"The continuing decline in *the company's profit margins* will make the task of funding our capital expenditures more difficult," commented Ford

The continued rise in profits *overseas was attributed largely* to European operations.

Jeannette offer

Coca-Cola Bottling of New York said that its offer to purchase any and all outstanding shares of Jeannette Corporation at $20 per share net to the seller terminated at 10.00 a.m. today, AP-DJ reports from Hackensack. The offer will not be extended.

Coca-Cola of New York said it will announce shortly the total number of shares tendered under the offer.

Meanwhile, Coca-Cola Bottling of New York announced higher second quarter earnings *of 25 cents a share, compared* with 22 cents in the same period last year.

Pan Am dividend prospect following half-year profit

NEW YORK, July 27.

A SUBSTANTIAL rise in second-quarter earnings was announced by Pan American World Airways. Earnings per share *have risen to $1.09 from 37 cents* in the comparable period.

Total net has jumped to $46.2m from $15.8m. Results for the second quarter include pre-tax capital gains of $8.6m from disposition of equipment compared with $4.1m a year ago.

Pan Am noted that there were no Federal income tax provisions for 1978 and 1977 because of investment tax credits.

Net earnings for the first half of $22.1m or 52 cents a share compare with a loss of $11.1m previously.

Operating revenue in the second quarter increased by 15.7 per cent to $553.5m.

First-half operating revenue rose by 14.2 per cent to $996.7m from a year ago.

Results of the first six months of 1978 include pre-tax capital *gains of $10.2m from disposition* of equipment compared with pre-tax capital gains of $14.6m a year earlier.

Results for 1977 have been restated for capitalisation of leases.

Pan Am, which in March announced a net profit of $300,000 or 1 cent a share for the month, the first such monthly profit since 1966, has been fighting back from the depth of the recession suffered a few years ago.

Mr. William Seawell, the chairman, has taken the initiative in trimming costs, tightening management and balancing the airline into a position to take advantage of the sharp increase in air traffic over the past few years.

Pan Am announced that it is reviewing the possibility of reinstating dividend payments when its retained earnings level surpasses the level required under loan agreement and indentures.

Agencies

Norton forecasts sharp gain

BOSTON, July 27.

Norton, the abrasives manufacturer, expects profit for the full year to "approach" $7 a share, *up sharply from the previously* projected $5.70 a share and from last year's $5.03 a share, Mr. Robert Cushman, the president and chief executive officer told *reporters*.

"We aren't seeing the economic slowdown this year that others are talking about," he said. For example, sales in the U.S. of industrial abrasives—still Norton's biggest product line—are "continuing strong," indicating that "our customers are doing pretty well." These customers include companies in the auto, steel and machine tool industries.

Net for the year is expected to increase to about $56m from $41.3m the previous year. Sales should reach $940m from $847.9m.

Previously Mr. Cushman had been saying that the earnings projection of $5.70 a share for the year was "pretty safe." But the second quarter was "so strong" and the outlook for the rest of the year "so good" that Norton has revised sharply up*wards its earnings estimates*

If these projections for the full year pan out, the Norton board is likely to consider increasing the dividend from its current *quarterly rate of 50 cents a share*, said Mr. Cushman. "If we earn what I think we will it would be unlikely that we won't take dividend action in the last quarter of the year."

Norton, based in Worcester, Mass., makes industrial abrasives, ceramics, safety products and products for the oil mining and chemicals process industries.

Norton expects to report that per-share profit in the second quarter rose by more than 32 per cent from a year ago to more than $2 a share.

Net should surpass $16m com*pared with $12.4m a year earlier*, and sales are expected to be up to $240m from $218m.

Thus, profit for the first six months climbed to more than $30m, or over $3.50 a share, from $21.5m, or $2.63 a share.

Meanwhile, Norton and Chemplast said that Norton plans to make a tender offer for 270,000 *shares of Chemplast or about* 20 per cent of its 1.3m shares outstanding.

Yesterday, Chemplast had announced that it was holding discussions "with a major U.S. company" interested in making the tender offer.

Both companies said their Boards have approved the offer subject to agreement on final terms. The tender is expected to be made in about a week.

Norton and the principal stockholders of Chemplast have agreed to cross rights of refusal on any subsequent sales of their holdings in Chemplast.

The principal stockholders have agreed to participate in the tender and not sell any of their shares for 90 days except in response to the tender.

AP-DJ

EUROBONDS

Coke Bottling NY issue

BY FRANCIS GHILES

COCA COLA BOTTLING COMPANY of New York will float a $25m 15-year convertible with an indicated coupon of 6¾ per cent *through a group of banks* led by Blyth Eastman Dillon. The conversion premium, which will be fixed on August 9, is expected to be between 10-12 per cent.

In New York, the Export Development Corporation of Canada, which is rated a "AAA" borrower by the two leading agencies, will float a $125m bond carrying a five-year maturity. Lead managers of this issue are Salomon Brothers and Wood Gundy. The market expects the yield to be around 8.75 per cent. Final terms are expected on August 16.

The bonds will be listed on the London Stock Exchange.

The secondary market was quiet yesterday with prices mostly unchanged. As on previous day this week, there was little turnover.

The Deutsche-mark sector of the market had another bad day with *prices of most issues* weakening. The recent Norges Kommunalbank issue was being quoted at one half point below the selling group discount on the bid side by the lead manager. The domestic market was also weak, with the Bundesbank buying between DM 260-270m worth of bonds.

U.S. Rubber Uniroyal Holdings of Luxembourg is arranging a *DM 35m* private placement with an indicated coupon of 5.75 per cent through Berliner Handels und Frankfurter Bank.

This bullet issue has a maturity of 6 years and is expected to be priced at 99 per cent. The *issue* carries a guarantee from the U.S. parent company.

Agreement on nuclear plant

NEW YORK, July 27.

CONSUMERS POWER Company said it had reached an agreement in principle with negotiators for 29 rural electric co-operatives and municipal utilities that *would resolve anti-trust* questions involving the construc*tion of Consumers Power's Mid*land nuclear plant.

Consumers Power said the tentative agreement established general conditions under which *the group of utilities could buy* an interest in both the Midland plant and a unit of Consumers Power's J. H. Campbell plant

In addition, the proposed agreement outlines electric transmission services to be pro*vided to the utilities by* Consumers Power, establishes general conditions for the sale and exchange of power between Consumers Power and the group and sets up a planning committee for future co-operation.

AP-DJ

BRIEFLY

Cutler-Hammer making steady progress

NEW YORK, July 27.

CONTROL devices manufacturer *Cutler-Hammer* had second quarter net earnings of $1.71 a share compared with $1.03. Net income rose from $6.04m to $11.19m, after an extraordinary loss of *$600,000.*

Three utilities also reported advances at the second quarter level; **Panhandle Eastern Pipeline** rose from $1.27 to $1.47, **Wisconsin Electric Power** rose from 57 cents to 70 cents, and **Northern States Power** rose from 49 cents to 57 cents.

Further increases in per share net earnings were reported by **Hughes Tool**, up from 89 cents to $1.20, **Chubb**, ahead from $1.31 to $1.88, construction and engineering concern **Dravo Corporation**, ahead from 86 cents to 87 cents, hotels group **Holiday Inns**, up from 54 cents to 70 cents, and consumer *chemical goods manu*facturer **Dart Industries**, with a rise from $1.40 to $1.65.

Also reporting rises for the second quarter were the insurance and computers holding company **Reliance Group**, up from *$1.65 to $2.35*, food packer **Di Giorgio Corporation**, up from 54 cents to 55 cents, car rental concern **Ryder System**, up from 86 cents to $1.19, and the diversi*fied industrial* company **Ogden Corporation**, up from $1.06 to $1.29.

Machine tools maker **Giddings and Lewis** earnings rose from 57 cents a share to $1.27 for the second quarter, and for the same period pipeline operator **Kaneb** *Services advanced from 39 cents* to 50 cents, while filters manufacturer **Puralator** moved ahead from 60 cents to 84 cents.

Second quarter net earnings of the gas pipeline operator **Northern Natural Gas** slipped from $1.17 to 80 cents a share.

For the first six months of the current fiscal year, net earnings of the business equipment manufacturer **Pitney-Bowes** rose from $1.19 *to* $1.43. The electric wire terminals maker **Amp Incorporated** rose from 99 cents to $1.97 for the same period, and also for the six months period the industrial gases and welding equipment manufacturer *Big* **Three Industries** moved ahead from $1.20 to $1.34.

For the first quarter of the fiscal year, baby foods manufacturer **Gerber Products** moved up from 54 cents to 80 cents, while for the first half **Murphy Oil** slipped from $1.97 to $1.47. Drilling equipment maker **Baker International Corporation** advanced from 55 cents a share to 70 cents for the third quarter, and for the same period wire and steel products maker **National-Standard** edged upwards from 81 cents to 89 cents.

Agencies

U.S. QUARTERLIES

AMERADA HESS

Second Quarter	1978 $	1977 $
Revenue	1.04bn	1.02bn
Net profits	34.57m	51.89m
Net per share	0.86	1.28
Six Months		
Revenue	2.39bn	2.30bn
Net profits	67.08m	122.79m
Net per share	1.66	3.03

BELL CANADA

Second Quarter	1978 $	1977 $
Revenue	1.06bn	892.4m
Net profits	82.0m	60.9m
Net per share	1.64	1.26
Six Months		
Revenue	1.99bn	1.73bn
Net profits	150.6m	123.0m
Net per share	3.03	2.59

CITY INVESTING

Second Quarter	1978 $	1977 $
Revenue	911.8m	745.6m
Net profits	28.2m	18.3m
Net per share	1.07	0.65
Six Months		
Revenue	1.75bn	1.43bn
Net profits	46.4m	30.3m
Net per share	1.70	1.02

CITIES SERVICE

Second Quarter	1978 $	1977 $
Revenue	1.14bn	1.07bn
Net profits	40.4m	56.4m
Net per share	1.45	2.05
Six Months		
Revenue	2.31bn	2.19bn
Net profits	95.7m	115.7m
Net per share	3.45	4.21

FMC CORP.

Second Quarter	1978 $	1977 $
Revenue	769.5m	572.4m
Net profits	42.9m	38.0m
Net per share	1.30	1.14
Six Months		
Revenue	1.41bn	1.08bn
Net profits	74.7m	67.8m
Net per share	2.24	2.03

GETTY OIL

Second Quarter	1978 $	1977 $
Revenue	880.6m	879.9m
Net profits	53.7m	75.8m
Net per share	0.65	0.92
Six Months		
Revenue	1.8bn	1.74bn
Net profits	129.9m	157.6m
Net per share	1.57	1.94

JOHNSON & JOHNSON

Second Quarter	1978 $	1977 $
Revenue	896.5m	739.5m
Net profits	80.26m	66.62m
Net per share	1.34	1.14
Six Months		
Revenue	1.73bn	1.46bn
Net profits	157.74m	128.31m
Net per share	2.66	2.20

KIMBERLEY-CLARK

Second Quarter	1978 $	1977 $
Revenue	467.1m	430.1m
Net profits	37.5m	36.2m
Net per share	1.60	1.55
Six Months		
Revenue	945.0m	867.6m
Net profits	75.6m	69.3m
Net per share	3.23	2.97

MCDONALDS CORP.

Second Quarter	1978 $	1977 $
Revenue	430.5m	357.1m
Net profits	45.2m	37.9m
Net per share	1.11	0.94
Six Months		
Revenue	793.7m	656.2m
Net profits	76.2m	64.3m
Net per share	1.88	1.59

NEW YORK TIMES

Second Quarter	1978 $	1977 $
Revenue	146.9m	127.7m
Net profits	8.2m	6.9m
Net per share	0.70	0.60
Six Months		
Revenue	285.3m	244.3m
Net profits	15.3m	12.3m
Net per share	1.31	1.07

PENNZOIL

Second Quarter	1978 $	1977 $
Revenue	376.5m	328.6m
Net profits	31.6m	31.3m
Net per share	0.92	0.91
Six Months		
Revenue	712.6m	631.5m
Net profits	54.7m	62.3m
Net per share	1.58	1.81

ROLLINS INC.

Fourth Quarter	1978 $	1977 $
Revenue	85.5m	73.4m
Net profits	10.39m	8.78m
Net per share	0.77	0.66
Year		
Revenue	285.4m	255.5m
Net profits	26.85m	24.89m
Net per share	2.00	1.86

SCHLUMBERGER

Second Quarter	1978 $	1977 $
Revenue	673.2m	556.1m
Net profits	131.6m	105.7m
Net per share	1.55	1.23
Six Months		
Revenue	1.29bn	1.06bn
Net profits	228.9m	185.4m
Net per share	2.69	2.16

STANDARD BRANDS

Second Quarter	1978 $	1977 $
Revenue	565.2m	468.2m
Net profits	16.9m	15.6m
Net per share	0.60	0.55
Six Months		
Revenue	1.11bn	844.3m
Net profits	32.1m	29.8m
Net per share	1.14	1.06

SUN COMPANY

Second Quarter	1978 $	1977 $
Revenue	1.86bn	1.53bn
Net profits	97.3m	92.7m
Net per share	1.68	1.58
Six Months		
Revenue	3.58bn	3.10bn
Net profits	173.8m	174.2m
Net per share	2.99	2.96

UNION OIL CALIF.

Second Quarter	1978 $	1977 $
Revenue	1.82bn	1.57bn
Net profits	86.6m	80.7m
Net per share	1.97	1.78
Six Months		
Revenue	3.10bn	3.00bn
Net profits	165.9m	157.6m
Net per share	3.73	3.49

INTERNATIONAL FINANCIAL AND COMPANY NEWS

KLM improvement in first quarter

BY CHARLES BATCHELOR

AMSTERDAM, July 27.

KLM Royal Dutch Airlines reports a further improvement in net profit in the first quarter.

Net profits rose 9.1 per cent in the April to June period to *Fl 50.3m. ($23m) from Fl 46.1m.* Operating profit was slightly lower at Fl 52.1m compared with Fl 52.7m: the net result benefited from a decline in net interest charges to Fl 5.5m from Fl 11.2m and a net credit this time of Fl 2.7 on extraordinary items.

KLM expects results in the second quarter to "approximate" to the same quarter of last year when operating profit was Fl 110m and net profit Fl 101m, the company president, Mr. Sergio Orlandini, told the shareholders meeting. There is a clear trend to cheaper fares. These do not lower existing fares but are in addition to them, he noted. The new cheap fares do not in themselves cover costs but they contribute to profitability by raising seat occupancy.

KLM feels that it is "increasingly difficult" to keep up with new fare developments. Fares should be handled as far as possible within IATA. "Stunt fares" are not in the interests of either the traveller or the airlines.

Operating income rose 3.2 per cent to *Fl 702.1m ($316m)* in the first 1978-79 quarter. Costs, including depreciation, rose at a slightly faster rate—3.6 per cent to Fl 650m. Profits per share rose to Fl 14.92 from Fl 13.65. This is after allowing for payment of a 5 per cent dividend on the company's preference shares and for a rise of more than 18,000 in the number of outstanding shares following the conversion of 5¾ per cent debentures. KLM now has 3.12m shares outstanding.

The latest figures indicate a slow-down at KLM following the 78 per cent increase in net profit during the whole of last year and the doubling in the first quarter of 1977-78.

The improvement in traffic in the first quarter is the same as in the first 1977-78 quarter but is less than the 10 per cent traffic increase in the whole of last year.

Yen syndicated credits continue to expand

BY FRANCIS GHILÈS

SYNDICATED credits which include a Yen denominated tranche *have been growing* steadily in the market in the past six months or so. One loan to Bulgaria has just been completed, which includes such a feature and two others, also for European borrowers, are currently being negotiated.

The Bulgarian Foreign Trade Bank is raising a loan which includes a $90m dollar tranche (with a maturity of six years, a three-year grace period and a split spread of ¾ per cent for the first three years rising to ⅞ per cent) and a Y7.5bn tranche carrying a fixed interest rate of 7¼ *per cent. for five years* with three years grace. Lead manager is Bank of Tokyo.

Another Eastern European borrower, the Central Bank of Hungary is currently negotiating a package *amounting to $200m.* One tranche, amounting to $100m will be denominated in dollars, the other amounting to Y20bn in yen. Final terms are not yet known. Lead manager is Long Term Credit Bank of Japan.

Sumitomo Bank is leading a $200m loan, to be syndicated exclusively among Japanese banks, to Hydrocarbons Bank of the Cayman Islands, a wholly owned subsidiary of the Italian state energy company ENI.

The spread on this loan, which carries a 12-year maturity, will rise every three years from an initial ⅞ per cent over Libor to 1 per cent, then 1⅛ per cent and ultimately 1¼ per cent. The grace period is six years.

Two Latin American borrowers are arranging small loans. Uruguay's state energy company is raising $45m for seven years on a spread of 1¼ per cent *through a group of banks led* by Bank of America.

Meanwhile, INFONAC, a state owned development bank in Nicaragua is arranging a $20m five year loan on which it is pay*ing a spread of 2 per cent.* Royal Bank of Canada and Libra are leading and the latter bank is also understood to be negotiating a credit for the Central Bank of Nicaragua.

Swedish papermaker maintains payment

BY WILLIAM DULLFORCE

STOCKHOLM, July 27.

PAPYRUS, THE Swedish pulp, paper and board group, achieved pre-tax earnings of SKr 64.6m ($14.4m) on a SKr 1.83bn ($407m) turnover, according to the shareholders' report for the 13 months ending April 30. The earnings include SKr 45.2m in minority shares and SKr 7.7m in State stock support. After extraordinary items, the pre-tax figure comes out at SKr 72m, of which SKr 46m is attributable to minorities.

It is difficult to make any relevant comparison with the previous shareholders' report which covered 18 months. It showed pre-tax earnings of SKr 122m on sales totalling SKr 1.5bn. Since then, however, Papyrus has increased to 55 per cent its holding in Hylte Bruk, the newsprint company, whose accounts are now consolidated.

The most significant indicator *is perhaps the decline in the* adjusted earnings from SKr 9 a share in the 18-month 1975-77 report to SKr 1.50 a share in the latest account. The Board proposes to effectively maintain its dividend of SKr 2.90 a share for the 13-month period compared with SKr 4 a share for the preceding 18 months.

The next shareholders' report will cover the eight months to the end of the year, after which Papyrus intends to revert to the calendar year. Even though there have been signs that demand for some group products has firmed up in recent months, the management warns that prices must rise considerably and costs be carefully watched if profits are to be restored to a satisfactory level.

A product breakdown shows that newsprint, on which most Swedish companies have continued to make reasonable profits, accounted for SKr 517m of Papyrus' total sales. Pulp, where only 70 per cent of Swedish capacity was utilised last year, contributed SKr 372m *to turnover.*

The board plants produced sales of SKr 467m, but underutilisation of production capacity led to a "less satisfying" result.

Estel in talks with U.S. group

By Our Own Correspondent

AMSTERDAM, July 27.

ESTEL, the Dutch-German steel group, has been holding talks with Kaiser Aluminium and Chemical Corp. of the U.S. aimed at a possible link through the former's aluminium interests.

These talks have ended for the time being and have not reached a stage "where any conclusions can be drawn," Estel today said from *Nijmegen. A spokesman for* Holland Aluminium, the holding company for Estel's aluminium interests, said the talks with Kaiser, and with a number of other aluminium producers, *would probably* be resumed later.

"It is well known within the industry that Estel has been seeking a partner since the Royal Dutch Shell subsidiary, *Billiton, pulled out of its half-share* in Holland Aluminium in January 1977." Estel said. Billiton and Estel went their separate ways because Estel put the emphasis on the production of raw, semi-finished and end products while Billiton was more interested in securing access to raw materials.

Estel has 100,000 tonnes of primary aluminium production capacity at Delfzijl in north eastern Holland and a 61.5 per cent stake in the Belgian producer Sidal. Sidal, whose other shareholder is Pechiney, has capacity of 175,000 tonnes of rolled and extruded products and is currently working at around 165,000 tonnes capacity.

Estel's aluminium interests made a small profit last year. The spokesman declined to comment on the results so far this year but said the company was performing as well as the industry generally.

FOREIGN EXCHANGE BROKING

Clash of ideas in Tokyo

BY CHARLES SMITH IN TOKYO

TROUBLE HAS broken out on the Tokyo foreign exchange *market between a group of* foreign banks which are major traders on the market and the Japanese Association of Foreign Exchange Brokers, through which all business has to be placed. The trouble involves differences between the broking procedures used in Tokyo and those recognised as standard in other foreign exchange markets. It has reached the point where a group of militant banks has threatened to dock brokerage fees paid to local companies because of their failure—or alleged failure—to execute some orders accepted from banks.

Foreign banks now account for about 30 per cent of turnover on normal days in the Tokyo market and up to 50 per cent on busy days—such as have been seen this week, with over $1bn changing hands on the spot market yesterday. The root cause of recent friction is the Japanese brokers' practice of accepting orders for the purchase of foreign exchange, which may, not, however, always be completed in full at the price quoted. This is recognised practice in Japan, where it is also acceptable for banks to place the same order with several brokers, on the understanding that the business will go to the first to deliver on the order.

Backing down

The practice of "backing down" on orders is being attacked by a group of leading U.S. and European banks, which argue that Tokyo should be brought into line with trading procedures in other foreign exchange markets. The banks have exerted pressure on Japanese brokers to change the system—in some cases by threatening to withhold brokerage fees so as to compensate for losses caused by orders not being executed at originally quoted prices—the Japanese Foreign Exchange Brokers Association, however, has fought back vigorously.

Early last week the Association sent out a circular letter which implicitly accuses the banks of failing to understand the Japanese system, and of expecting to be able to do business in English on a *market* where everyone else does business in Japanese. Copies of the letter were sent to the 16 foreign banks (out of the total of about 60 in Tokyo) which employ expatriate foreign exchange dealers.

Recipients included banks like American Express which have been putting pressure on Japanese brokers to change their system, and banks, such as Barclays, which employ foreign dealers, but have been content to go along with the existing system.

Heated transactions on the Tokyo foreign exchange market are running parallel with heated relations between some of the organisations involved. The Japanese broking practice of taking orders at given rates but not necessarily executing them at the same levels is under attack by some foreign banks. The brokers' association has reacted vigorously

Foreign banks which have been applying pressure for a change in the broking system claim that the existing system of "adjustable" quotations has been hitting them heavily at times when the yen-dollar rate has been changing rapidly. In a typical instance quoted by one foreign dealer, a bank might buy $5m from an exchange speculator outside Japan at a rate of Y195.50 to the dollar.

A selling order at the same rate would be placed with a Japanese broker, but this might result in only $1m being sold at the originally quoted price while the remaining $4m might have to be unloaded at Y195.40. The discrepancy between the original quote and this rate for the $4m would reduce the amount realised by over $2,000, the banks point out. The experience might be repeated several times on a single day of particularly heavy trading.

Losing money

Apart from the sheer annoyance of losing money on some of their transactions certain foreign banks claim to see the hand of Japanese domestic banks behind the trouble with the brokers. The group of nine Japanese broking houses is regarded as standing between the foreign banks, which are nowadays doing an increasingly large share of business on the Tokyo market and the domestic banks, which dominated the market until two years ago (with an estimated 97 per cent of average daily transactions up to 1976).

The more activist among the foreign banks say that their success in developing the market has aroused the resentment of some domestic banks who are "getting at us through the brokers." Some dealers go so far as to claim that problems with individual brokers were being sorted out satisfactorily before the broker's association had unity "imposed on it from the outside."

This dramatic view of the situation is not shared either by the Association of Foreign Exchange Brokers itself, which claims that its members held 12 meetings before deciding to send out last week's circular letter, or by all the foreign banks—some of which believe that it is better to work with Japanese practices, rather than try to fight them.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8¾pc 1989	97¼	99½
AMEV 8pc 1987	95½	96
Australia 8¼pc 1992	93½	97½
Australian M. & S. 9½pc '92	97¼	95½
Barclays Bank 8¾pc 1992	95	93½
Bowater 9½pc 1992	97½	98
Can. N. Railway 8¾pc 1986	94½	95½
Credit National 8¾pc 1986	97½	96
Denmark 8¾pc 1984	98½	99
ECS 9pc 1993	98½	99
ECS 8¾pc 1997	93½	94
EIB 8¾pc 1992	96	96½
EMI 9½pc 1989	89½	90
Ericsson 8¾pc 1989	96½	97½
Esso 8pc 1986 Nov	99½	100
Gt. Lakes Paper 8¾pc 1984	97¼	95½
Hamersley 9¾pc 1992	100½	101½
Hydro Quebec 9pc 1992	96	96½
ICI 8¾pc 1987	95½	96½
ISE Canada 9¼pc 1986	103½	104
Macmillan Bloedel 9pc 1992	98	96½
Massey Ferguson 9¼pc '91	95½	99½
Michelin 9¾pc 1993	100½	101½
Midland Int. Fin. 9¾pc '92	93	95½
National Coal Bd 8pc 1987	92½	91½
National Westminstr. 9pc '86	100½	101½
Natl Westminstr. 9pc '86 'B'	100½	101½
Newfoundland 9pc 1989	99½	100
Nordic Inv. Bank 8¾pc 1988	96½	97
Norges Kom. Bk 8¾pc 1992	95	95½
Norpipe 8¾pc 1989	95	95½
Norsk Hydro 9½pc 1992	94½	95½
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	97	97½
Prov. Quebec 9pc 1995	94½	93½
Prov Saskatchwn 8¾pc '86	97½	98
Reed International 9pc 1987	92	94
RHM 9pc 1992	95	95½
Selection Trust 8¾pc 1989	90½	91½
Shell Intl. Fin. 8¾pc 1990	93½	96
Skand. Enskilda 8pc 1991	98	98½
SKF 8pc 1987	91	91¼
Sweden (K'dom) 7¾pc 1987	94½	95
United Biscuits 9pc 1989	98	98½
Volvo 8pc 1987 March	93½	94

NOTES	Bid	Offer
Australia 7¾pc 1984	93¾	94½
Bell Canada 7¾pc 1987	96½	97
Br. Columbia Hyd. 7¾pc '85	93	93½
Can. Pac. 8¼pc 1984	97¾	98½
Dow Chemical 8pc 1986	97¼	98
ECS 7¾pc 1982	94½	95½
ECS 8¼pc 1989	94	94½
EEC 7½pc 1982	95½	96
EEC 7¾pc 1984	94	94½
Enso Gutzeit 8¼pc 1984	96	96½
Gotaverken 7¾pc 1982	94¼	95
Kockums 8pc 1983	96¼	97
Michelin 8¾pc 1983	98½	99½
Montreal Urban 8¾pc 1981	99½	100
New Brunswick 8pc 1984	96½	97½
New Bruns. Prov. 8¼pc '83	99	99½
New Zealand 8¼pc 1986	95	95½
Nordic Inv. Bk. 7¾pc 1984	93½	94
Norsk Hydro 7¾pc 1982	95½	96½
Norway 7¾pc 1982	93½	94½
Ontario Hydro 8pc 1987	93½	94½
Singer 8¾pc 1982	99½	100
S. of Scot. Elec. 8¾pc 1991	98	98½
Sweden (K'dom) 7¾pc 1982	94½	95½
Swedish State Co. 7¾pc '82	95	93½
Telmex 9¼pc 1984	98	99½
Tenneco 7¾pc 1987 May	91½	92½
Volkswagen 7¾pc 1987	94¼	95½

STERLING BONDS	Bid	Offer
Allied Breweries 10¼pc '90	89½	90½
Citicorp 10pc 1993	92½	93½
Courtaulds 9½pc 1989	90½	91½
ECS 9¾pc 1989	94½	95½
EIB 9¼pc 1988	96½	97½
EIB 9¼pc 1992	93½	94½
Finance for Ind. 9¾pc 1987	91½	92½
Finance for Ind. 10pc 1989	94	95
Fisons 10½pc 1987	97½	98½
Gestetner 11pc 1988	92	93
INA 10pc 1988	92½	93½
Rowntree 10¾pc 1988	90	91
Sears 10½pc 1988	93	93
Total Oil 9¾pc 1984	90½	91½

DM BONDS	Bid	Offer
Asian Dev. Bank 5½pc 1988	93	94
BNDE 6½pc 1988	95	95½
Canada 4¾pc 1983	96½	97½
Den Norske Ind. Bk. 6pc '90	98½	99
Deutsche Bank 4¾pc 1983	96½	97½
ECS 5¾pc 1990	90½	91½
EIB 5¾pc 1990	90½	91½
Elf Aquitaine 5¾pc 1988	93½	94½
Eurafom 5¾pc 1987	96	96½
Finland 5¾pc 1986	93	94
Forsmarks 5¾pc 1990	93	94
Mexico 6pc 1985	94½	95½
Norcem 5¾pc 1989	98½	99½
Norway 4¾pc 1983	97	97½
Norway 4¾pc 1983	95	96
PK Banken 5¾pc 1988	93½	94½
Prov. Quebec 6pc 1990	95½	96½
Rautaruukki 5¾pc 1988	94	94½
Spain 6pc 1988	95	95½
Trondheim 5¾pc 1988	95½	96
TVO Power Co. 6pc 1988	94½	95½
Venezuela 6pc 1988	94	95
World Bank 5¾pc 1990	94½	95½

FLOATING RATE NOTES	Bid	Offer
Bank of Tokyo 1984 8¾pc	99	99½
BFCE 1984 8¾pc	98½	99½
BNP 1983 9¹⁄₁₆pc	99½	100½
BQE Worms 1983 9pc	97½	96½
CCF 1983 8¾pc	98½	98½
Chase Manhttn. '93 9⁵⁄₁₆pc	98½	99½
Creditanstalt 1984 8¾pc	98½	99½
DG Bank 1983 9pc	99½	100
GZB 1981 8¹¹⁄₁₆pc	99½	100½
Intl. Westminster 1984 8pc	98½	99½
Lloyds 1983 9¹³⁄₁₆pc	99½	100
LTCB 1983 8pc	98½	99½
Midland Int. FS '87 8⁹⁄₁₆pc	98½	99½
Midland Int. FS '93 9⁷⁄₁₆pc	98½	99½
Nat. Westminstr. '90 9⁵⁄₁₆pc	98½	99½
OKB 1982 9¼pc	99½	100
SNCF 1985 8¾pc	99½	99½
Stand. and Chtrd. '84 8¾pc	98½	99½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	81½	83
Ashland 5pc 1988	98½	100
Babcock & Wilcox 6¾pc '97	110½	111½
Beatrice Foods 4¾pc 1992	97	98½
Beatrice Foods 4¾pc 1992	108½	110
Beecham 6¾pc 1992	103½	104½
Borden 5pc 1992	99	100½
Broadway Hale 4¾pc 1987	75½	77
Carnation 4pc 1987	75½	80
Chevron 5pc 1988	129½	131
Dart 4¾pc 1987		
Eastman Kodak 4½pc 1988	84½	86
Economic Labs. 4¾pc 1987	77½	79
Firestone 5pc 1988	79½	81
Ford 5pc 1988	85	86½
General Electric 4¾pc 1987	81	82½
Gillette 4¾pc 1987	77½	79
Gould 5pc 1987	119	120½
Gulf and Western 5pc 1988	84½	86
Harris 5pc 1992	194	196
Honeywell 6pc 1986	87½	89
ICI 6¾pc 1992	89½	90½
INA 6pc 1997	96	97½
Inchcape 6¾pc 1992	113½	114½
ITT 4¾pc 1987	79½	80
Jusco 6pc 1992	118½	119½
Komatsu 7¾pc 1990	135½	138½
J. Ray McDermott 4¾pc '87	148	150
Matsushita 6¾pc 1990	182½	184
Mitsui 7¾pc 1990	134	137
J. P. Morgan 4¾pc 1987	99	100½
Nabisco 5¾pc 1988	102	103½
Owens Illinois 4¾pc 1987	116½	118
J. C. Penney 4¾pc 1987	73½	77
Revlon 4¾pc 1987	124½	128
Reynolds Metals 5pc 1988	83½	85
Sandvik 6¾pc 1988	113	114½
Sperry Rand 4¾pc 1987	84	85½
Squibb 4¾pc 1987	85	86½
Texaco 4¾pc 1988	79	80½
Toshiba 6¾pc 1992	139½	13[illegible]
Ty Co. 5pc 1984	77	78½
Ty Co. 5¾pc 1988	102½	103½
Union Carbide 4¾pc 1982	91½	93
Warner Lambert 4¾pc 1987	91½	93
Warner Lambert 4¾pc 1988	77½	79
Xerox 5pc 1988	77	78½

Source: Kidder, Peabody Securities.

INTL. FINANCIAL AND COMPANY NEWS

Valentine Holdings in cash offer for John Sands

BY JAMES FORTH

SYDNEY, July 27.

VALENTINE HOLDINGS has launched a A$13.7m (U.S.$15.7m) cash bid for John Sands Holdings which if successful would result in the largest manufacturer of greeting cards in Australia. The directors of John Sands announced earlier this week that talks were being held which might lead to a takeover, but the offer price caught the market by surprise. Valentine is offering A$6.65 a share, which is more than double the market price when the news of a possible bid was released. Moreover, it is well above the net tangible asset backing of A$5.50 for Sands' shares. The directors of Sands intend to recommend the bid, while, members of the Sands family, who are aware of the proposed offer, intend to accept. The family controls 56 per cent of the company.

Valentine Holdings itself was formerly a publicly listed company but was acquired in 1972 by the U.S. conglomerate, Textron. The offer is subject to the approval of the Foreign Investment Review Board.

Both John Sands and Valentine Holdings are involved in commercial printing, while Valentine also operates in the computer services industry.

Sands and Valentine are two of the top three card manufacturers in the country. The third is Specialty Press, in which the world's largest greeting card group, Hallmark, has recently been building up a sizeable shareholding. Specialty Press has been growing rapidly and now holds about 20 per cent of the market. A merger of Sands and Valentine would give the combined group between 40 and 50 per cent of the card market.

The market has expanded rapidly in recent years, with total sales rising since 1974 from A$45m to about A$125m a year.

Adelaide Brighton just ahead

BY OUR OWN CORRESPONDENT

SYDNEY, July 27.

ADELAIDE Brighton Cement Holdings managed only a 2.4 per cent increase in profit for the year to May 31 but has raised its dividend. Group earnings edged up from A$2.81m to A$2.87m (U.S.$3.29m), despite an 18 per cent lift in sales from A$25.8m to A$30.5m (U.S.$35m).

The main reason for the small increase in earnings was a sharp increase in the tax provision—pre-tax profit actually rose 28.6 per cent, from A$4.9m to A$6.3m. Tax provided rose from A$2.1m to A$3.4m, or 54.6 per cent compared with the national company tax rate of 46 per cent.

The high tax rate may be explained by a jump in the depreciation charge from A$1.58m to A$2.66m, reflecting a recent A$20m expansion programme at the company's South Australian plant, which has given the company the largest single producing cement unit in Australia.

The higher profit still represents a recovery as earnings were down almost 18 per cent at the halfway mark. The dividend is raised from 5 cents a share to 5.25 cents, while earnings per share rose from 9.1 cents to 9.3 cents.

James Hardie Asbestos expects profit in the year to the end of March, 1979, will improve on the A$16.98m (US$19.5m) earned after tax last year, Mr. J. B. Reid, the chairman, said at the annual meeting, reports Reuter from Sydney.

The improvement would come from increased productivity, following rationalisation of product manufacture and improved profitability from the new plant at Tanggerand, Indonesia, which, if maintained, would make a significant contribution to group profit.

Shareholder interests reshuffle at Triconti

By Our Own Correspondent

SYDNEY, July 27.

THE MERCHANT BANK, Tricontinental Corporation has received a A$6.3m (U.S.$7.2m) cash bid as part of the planned re-shuffling the interests of major shareholders. The bid is being made by a company known as Torenia Holdings, the vehicle through which the reorganisation will be accomplished.

Tricontinental was formed in 1969 and is closely associated with the prominent Australian financier Sir Ian Potter. In the early seventies a number of overseas shareholders were introduced, Security Pacific National Bank of Los Angeles, Gillett Brothers Discount Company of London, Mitsui Bank of Japan and Incentive AP, controlled by the Swedish bank Skandinaviska Enskilda.

Between them the foreign interests held almost 49 per cent of the capital.

Torenia is offering A$2.43 for each Tricontinental share, which compares with the market price of A$1.60 before the bid was announced. Once the takeover is completed, Torenia will change its name to Tricontinental Holdings. The holding company will then acquire the Perth-based merchant bank, Westralian International.

The existing shareholders of Westralian International are two state government-owned banks—the State Savings Bank of Victoria and the Rural Industries Bank of Western Australia—Credit Lyonnais of France and Pierce Nicholas, associated with members of the Nicholas family of Aspro fame, and crown agents. The state banks and Credit Lyonnais will become shareholders of Tricontinental while Gillett Brothers will drop out, but may become associated later with Tricontinental in another form, presumably in money market operations.

After Westralian International is acquired, its name will be changed to Tricontinental Australia. Once all the changes are completed the state banks will each own 25 per cent of the holding company, with Security Pacific National owning 20 per cent, Mitsui and Credit Lyonnais each 13 per cent and Skandinaviska Enskilda and Sir Ian Potter each 2 per cent.

Sir Ian indicated today that the introduction of the state banks was significant. He said that Tricontinental would be seeking help to finance loans for state government owned authorities, following a recent Federal Government decision to give them greater freedom to borrow, outside as well as inside Australia.

Bank of China in Luxembourg

LUXEMBOURG, July 27.

BANK of China plans to establish a bank in Luxembourg, according to Mr. Jacques Poos, the Luxembourg Finance Minister.

Mr. Poos said he had been informed by the Peking Government of Bank of China's plans. Luxembourg banking authorities expect the proper Chinese applications to be submitted soon.

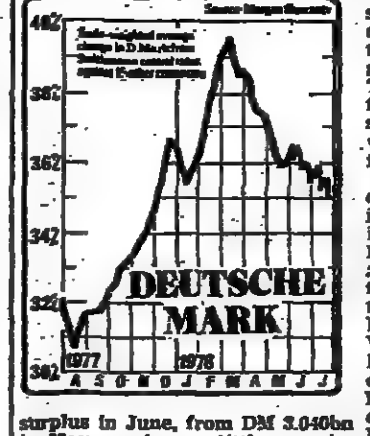
Further details were not available. Luxembourg ranks as a major financial centre in Europe, especially active in Euro D-Mark business.

AP-DJ

Currency, Money and Gold Markets

Yen continues to advance

The Japanese yen continued its advance in the foreign exchange market yesterday, and although many major currencies lost ground to the dollar this was not the case with the yen. The improvement in the U.S. trade balance last month was good enough to push the dollar to a best level of SwFr 1.7950 against the Swiss franc, before it closed at SwFr 1.7925, compared with SwFr 1.7850 on Wednesday. The D-mark was also slightly weaker against the dollar, with a rise to DM 3.964bn in the German trade



surplus in June, from DM 3.040bn in May, coming as little surprise to the market.

The dollar touched a high point of DM 2.0580 in terms of the D-mark, and closed at DM 2.0565, little changed from the previous finishing level of DM 2.0555.

Japan's continuing large trade surplus, particularly with the U.S., moved the yen up against all currencies. The dollar only remained slightly above the worst level touched in earlier Tokyo trading, falling to Y192.50 against the yen in London, before closing at Y193.60, compared with Y194.10 previously.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, narrowed to 8.6 per cent from 8.7 per cent.

Sterling's trade-weighted index, on Bank of England figures, fell to 62.2 from 62.3, after standing at 62.3 at noon and in early trading.

The pound opened at $1.9130-$1.9140, and touched a high point of $1.9145-1.9153 in the morning. By mid-day sterling had fallen to $1.9090-1.9100, and with continued dollar demand fell to $1.9045-1.9055 in the afternoon. It closed at $1.9070-1.9080, a fall of 45 points on the day.

TOKYO—The dollar hit another record low of Y192.10 against the yen, but recovered a little with the help of some determined support from the Bank of Japan. After hectic trading the U.S. currency finished at a record closing low of Y193.47½, compared with Y195.05 on Wednesday before the U.S. trade figures were announced. The dollar opened at Y193.70, and after falling sharply recovered to a best level of Y194 in the afternoon, after the Japanese authorities had given about $500m support. Turnover, at $1.123bn in spot, was fairly near the record $1.248bn set in August, 1971. Swap volume was a record, at $871m, while forward trading totalled $168m.

FRANKFURT — Trading was quiet, with the news of a rise in the West German trade surplus in June having little or no impact. Near the close the dollar stood at DM 2.0570, unchanged from its fixing level, which compared with the previous day's fix of DM 2.0502. In late trading on Wednesday the dollar stood at DM 2.0575. Most European currencies lost ground to the D-mark, with the Swiss franc easing to DM 1.1475 from DM 1.1539. The yen continued to move in the opposite direction, however, rising to DM 1.0630 per 100 yen, from DM 1.0616 on Wednesday.

PARIS—The French franc was firm against other currencies, helped by news of a reduction in French retail price growth last month. It improved to FFr 4.4130 against the dollar at the close, from an early level of FFr 4.4170, but was down from the late Wednesday level of FFr 4.4070.

ZURICH—The Swiss National Bank may have bought a small amount of dollars during yesterday morning, although the dollar was fairly steady against the Swiss franc at SwFr 1.7865, compared with an early rate of SwFr 1.7825.

MILAN—The dollar improved to L845.55 against the lira in late trading, compared with a fixing level of L845.45. The previous day's fixing was L844.30.

AMSTERDAM—The dollar eased to Fl 2.2235 against the guilder in late trading, from a fixing level of Fl 2.2250.

THE POUND SPOT

July 27	Bank rate %	Day's spread	Close
U.S. $	7¼	1.9045-1.9155	1.9070-1.9080
Canadian $	8	2.1480-2.1540	2.1495-2.1505
Guilder	4½	4.23-4.26½	4.23½-4.24½
Belgian Fr.	6	61.70-62.00	61.80-61.90
Danish Kr.	8	10.66-10.76	10.68-10.69
D-Mark	3	3.91½-3.94	3.92½-3.93½
Port. Esc.	13	86.90-87.80	87.20-87.70
Span. Pes.	8	147.20-147.90	147.50-147.60
Lira	11½	1,611-1,614	1,611½-1,612½
Nrwgn. Kr.	7	10.26-10.32	10.30-10.31
French Fr.	9½	8.40¾-8.43½	8.41-8.42
Swedish Kr.	6	8.62½-8.65½	8.64-8.65
Yen	4¼	368-378	369-371
Austria Sch.	5½	28.20-28.40	28.25-28.30
Swiss Fr.	1	3.40-3.46	3.41½-3.42½

Belgian rate is for convertible francs. Financial franc 62.50-62.60.

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Six-month forward dollar [illegible] pm. 12-month 4.45-4.35c pm.

THE DOLLAR SPOT

July 27	Day's spread	Close
Canad'n $*	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
Belgian Fr	[illegible]	[illegible]
Danish Kr	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]
Port. Es	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Nrwgn. Kr	[illegible]	[illegible]
French Fr	[illegible]	[illegible]
Swedish Kr	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Austria Sch	[illegible]	[illegible]
Swiss Fr	[illegible]	[illegible]

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

July 26	Special Drawing Rights	European Unit of Account
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish krone	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]
Norwegian krone	[illegible]	[illegible]
Peseta	[illegible]	[illegible]
Swedish krona	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]

CURRENCY MOVEMENTS

July 27	Bank of England Index	Morgan Guaranty changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish kroner	[illegible]	[illegible]
Deutsche Mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

July 27	£	$		Note Rates
Argentina Peso	[illegible]	[illegible]	Belgium	[illegible]
Australia Dollar	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	Germany	[illegible]
Greece Drachma	[illegible]	[illegible]	Italy	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Japan	[illegible]
Iran Rial	[illegible]	[illegible]	Netherlands	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Norway	10.25-10.40
Luxembourg Franc	61.80-61.90	32.39-32.41	Portugal	83-90
Malaysia Dollar	4.4490-4.4550	2.3335-2.3355	Spain	1,4550-1,4800
New Zealand Dollar	1.8200-1.8260	0.9551-0.9574	Switzerland	3.35-3.50
Saudi Arabia Riyal	6.46-6.55	3.38-3.43	United States	1.91-1.93
Singapore Dollar	4.3316-4.3465	2.2720-2.2740	Yugoslavia	36-37
South African Rand	1.6502-1.6572	0.8651-0.8740		

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

July 27	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.908	3.925	370.0	8.415	3.420	4.243	1613.	2.150	61.85
U.S. Dollar	0.524	1.	2.058	194.0	4.412	1.793	2.224	845.1	1.127	32.42
Deutsche Mark	0.255	0.486	1.	94.27	2.144	0.871	1.081	410.8	0.548	15.76
Japanese Yen 1,000	2.703	5.155	10.61	1000.	22.74	9.243	11.47	4357.	5.811	167.2
French Franc 10	1.188	2.267	4.664	439.7	10.	4.064	5.042	1916	2.555	73.50
Swiss Franc	0.292	0.558	1.148	108.2	2.461	1.	1.240	471.4	0.629	18.08
Dutch Guilder	0.236	0.450	0.925	87.21	1.984	0.806	1.	380.0	0.507	14.58
Italian Lira 1,000	0.620	1.183	2.434	229.5	5.219	2.121	2.631	1000.	1.334	38.36
Canadian Dollar	0.465	0.887	1.825	172.1	3.914	1.591	1.973	749.9	1.	28.77
Belgian Franc 100	1.617	3.084	6.346	598.2	13.61	5.530	6.859	2607.	3.476	100.

EURO-CURRENCY INTEREST RATES*

July 27	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	10⅞-11⅛	7½-8½	7¾-8	4-4¼	4-4⅛	3⅜-3⅝	7½-7¾	7-11	—	—
7 days notice	11⅛-11⅜	7½-8½	7⅞-8⅛	4⅜-4⅝	1⅝-1⅞	2⅝-2⅞	8-8¼	12-13	7⅞-8⅛	[illegible]
Month	10¾-11	7⅞-8¼	8-8¼	4¾-5	[illegible]	[illegible]	8¼-8½	12½-13½	8⅛-8⅜	1-1⅛
Three month	10⅞-11⅛	8⅜-8¾	8⅜-8⅝	5⅜-5⅞	[illegible]	[illegible]	9-9¼	12¾-13¾	8⅜-8⅝	[illegible]
Six month	11¼-11½	8⅞-9¼	[illegible]	6¼-6½	[illegible]	[illegible]	9⅞-10⅛	13¼-14¼	9-9¼	[illegible]
One year	11½-11¾	9-9⅜	[illegible]	6¾-7	2¼-2⅝	4-4¼	[illegible]	14¼-15¼	9⅛-9¼	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.00-8.10 per cent; three months 8.25-8.35 per cent; six months 8.70-8.80 per cent; one year 8.95-9.05 per cent.

Long-term Eurodollar deposits: two years 9¼-9⅜ per cent; three years 9¼-9½ per cent; four years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; five years 9½-9⅝ per cent. * Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

German call money falls

Call money was sharply lower yesterday in interbank trading in Frankfurt and was quoted near the close at 2.25 per cent compared with 3.4 per cent on Wednesday. This represents its lowest level this year and was caused by a sudden flood of funds prior to the end of the month. Dealers stressed that this was only a technical move and that rates should return to around 3.4 per cent next week. Longer term rates were unchanged throughout.

NEW YORK—Federal funds showed little change at 7⅞ per cent from 7¾ per cent on Wednesday. Treasury bill rates continued to ease with 13-week bills at 6.81 per cent from 6.90 per cent while 26-week bills were quoted at 7.39 per cent against 7.40 per cent previously. One-year bills were also down at 7.77 per cent from 7.80 per cent. One-month certificates of deposit fell to 7.80 per cent against 7.85 per cent, two-month 7.92 per cent from 7.95 per cent and three-month at 8.10 per cent compared with 8.12 per cent.

In Washington the World Bank increased its lending rate from 7.5 per cent to 7.9 per cent. The rate is usually adjusted on a quarterly basis and was not announced separately but became apparent when the Bank announced the approval of several new loans at the higher rate.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were firmer at one-month at 5¾-6 per cent from 5½-5¾ per cent and the three-month rate rose to 6⅛-6⅝ per cent against 6⁵⁄₁₆-6⁹⁄₁₆ per cent. Six-month deposits were also firmer at 6¾-7¼ per cent from 6¹¹⁄₁₆-7 per cent while the one year rate was unchanged at 7¼-7¾ per cent.

PARIS—Day-to-day money was easier at 7¼ per cent from 7⅜ per cent and the rate for one-month stood at 7¾-7⅞ per cent compared with 7¹³⁄₁₆-7¹⁵⁄₁₆ per cent previously. Three-month funds were quoted at 7¾-7⅞ per cent from 7¹³⁄₁₆-7¹⁵⁄₁₆ per cent and six-month was unchanged at 8¼ per cent. 12-month money was also easier at 8¼-8⅜ per cent against 8⅜-8⁹⁄₁₆ per cent.

UK MONEY MARKET

Special deposits cut further

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

The Bank of England yesterday announced a further reduction in the rate of call for special deposits. The rate will be reduced from 2 per cent of eligible liabilities to 1 per cent with effect from next Monday. The move is seen as another attempt by the authorities to reduce the chronic shortage of funds which the money market has experienced recently. The rate was previously adjusted from 3 per cent to 2 per cent on June 19 and yesterday's reduction is only temporary in that the 1 per cent now released will be recalled on September 28. The earlier 1 per cent reduction is due for recall on September 11. Bank of England minimum lending rate remains at 10 per cent.

Day-to-day credit was again in short supply and the authorities lent a very large amount at MLR to seven or eight houses for repayment on Monday. This was somewhat overdone and discount houses were paying down to 9 per cent in places for secured call loans at the end of the day. The market was faced with a sizeable take up of Treasury bills and the repayment of last Friday's moderate advances. In addition banks brought forward slightly run down balances. On the other hand there was a modest fall in the note circulation.

In the interbank market, overnight loans opened at 10¾-11¼ per cent and rose to 11¼-11½ per cent where they stayed for some time before easing gently to close at 8-9 per cent. Longer term interbank rates showed an easier tendency after the special deposits announcement with one-month money at 10⁵⁄₁₆-10⅜ per cent from 10⅜-10½ per cent earlier in the day.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 27 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight	—	8-11½	—	—	—	10-10½	9-10	—	—	—
2 days notice	—	—	10⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	10¾	—	—	—	—
7 days notice	—	10⅞-11⅛	10½-11	—	10⅞-11¼	—	9¾-10	—	—	—
One month	10⅛-10	[illegible]	10¼-10½	11¼-10¾	10⅞-11	10⅞-10¾	9½-9⅝	[illegible]	9⅞-10	10⅝
Two months	[illegible]	10⅛-10⅜	—	10¾-10⅜	10⅜-10¾	—	9⅜-9½	[illegible]	[illegible]	10½
Three months	[illegible]	[illegible]	10⅛-10¼	10-9½	10¼-10⅝	10⅛	9¼-9¾	[illegible]	[illegible]	10⅜
Six months	[illegible]	[illegible]	[illegible]	10-9⅝	10⅛-10⅝	—	—	—	[illegible]	10⅝
Nine months	[illegible]	[illegible]	—	9⅞-9¼	10¼	—	—	—	—	—
One year	[illegible]	[illegible]	10⅜-10½	[illegible]	10¼	—	—	—	—	—
Two years	—	—	11-11½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Longer-term local authority mortgage rate nominally three years 11¼-11½ per cent; four years 11¾-12 per cent; five years 12-12¹⁄₁₆ per cent. ϕ Bank bill rates in table are buying rate for prime paper. Buying rates for four-month bank bills 9¹¹⁄₁₆ per cent; four-month trade bills 10¾ per cent.

Approximate selling rates for one-month Treasury bills 9⁵⁄₃₂ per cent; two-month 9⁵⁄₃₂ per cent; and three-month 9¼ per cent. Approximate selling rate for one-month bank bills 9¾ per cent; and two-month 9¾ per cent; and three-month 9⅝-9⁹⁄₁₆ per cent. One-month trade bills 10¾ per cent; two-month 10¾ per cent; and also three-month 10½ per cent.

Finance House Base Rates (published by the Finance Houses Association): 10 per cent from July 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 6½-7 per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 8.2436 per cent.

GOLD

Steady decline

Gold opened at $194¼-195¼ and was fixed at $194.70 in the morning in London. At the time of the afternoon fixing the metal had declined to $194.05, and remained

	July 27	July 26
Gold Bullion (a fine ounce)		
Close	$193⅞-194½	$194-194½
Opening	$194¼-195¼	$194½-195¼
Morning fixing	$194.70 (£102.017)	$194.70 (£101.223)
Afternoon fixing	$194.05 (£101.714)	$194.30 (£101.466)
Gold Coins domestically		
Krugerrand	$204-206 (£107-108)	$204-206 (£106½-107½)
New Sovereigns	$57½-59½ (£30-31)	$56½-58½ (£29½-30½)
Old Sovereigns	$56½-58½ [illegible]	$56½-58½ [illegible]
Gold Coins internationally		
Krugerrand	$199½-201½ [illegible]	$199½-201½ [illegible]
New Sovereigns	$57½-59½ (£30-31)	$55½-57½ [illegible]
Old Sovereigns	$56-58 [illegible]	$56½-58½ [illegible]
$20 Eagles	[illegible]	$279½-281
$10 Eagles	$140-145	$140-145
$5 Eagles	$100-115	$100-115

easy in late trading closing at $193⅞-194½, a fall of $¼ on the day. Turnover was described as moderate.

In Paris the 12½ kilo gold bar was fixed at FFr 27,600 per kilo ($194.38 per ounce) in the afternoon, compared with FFr 27,650 ($194.73) in the morning.

In Frankfurt the 12½ kilo bar was fixed at DM12,850 per kilo ($194.35 per ounce), compared with DM 12,850 ($194.79) on Wednesday.

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	7.79
Treasury Bills (13-week)	6.81
Treasury Bills (26-week)	7.39

GERMANY

Discount Rate	3
Overnight	2.8
One month	3.45
Three months	3.75
Six months	4.15

FRANCE

Discount Rate	9.5
Overnight	7.25
One month	7.40625
Three months	7.53125
Six months	8.125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.625
Bills Discount Rate	4.875

WORLD STOCK MARKETS

Fresh Wall St. advance on economic hopes

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—99¼% (97¼%)
Effective $1.9075—46¼% (45%)

THE RECENT firming trend continued on Wall Street yesterday in active trading, with Glamour and Blue Chip issues leading the way.

The Dow Jones Industrial Average, after having risen 15 points over the past two days, finished 3.38 higher at 850.57. The NYSE All Common Index improved 29 cents more to $55.90, while gains outnumbered declines by 1,003 to 497. Turnover came to a heavy 35.99m shares, but failed to match the previous day's total of 36.85m.

Analysts said the gains were based on hopes that some of the underlying problems afflicting the economy may begin to ease, with Wednesday's report of a reduced trade deficit for June continuing to help market psychology.

The dollar edged higher on Wednesday and yesterday against major European currencies, bringing in some foreign buying of shares—but continued to slide to new lows against the Japanese yen.

There are also hopes of a slowdown in food price rises. Wage and Price Council Director Bosworth said on Tuesday that the rate of increase in food prices should slow substantially over the rest of the year. Today, the Government is to report on June consumer prices.

On the outlook for interest rates, Federal Reserve Board Chairman Miller stated yesterday that he hopes to see interest rates peak in the next few months. After the New York Stock Exchange close, the Fed reported that the basic U.S. money supply (M1) fell $2.8bn in the latest reporting week, while the broader M2 measure was down $1.7bn.

Airline issues remained active. **Pan-American**, which on Wednesday reported higher earnings, put on ⅛ to $8⅜ in heavy trading. **UAL** added ½ to $36⅜. **TWA** also ½ to $24⅜ and **KLM** 1⅝ to $73⅜. **Delta** rose $1 to $53⅜ on higher fiscal fourth-quarter profits and a *raised dividend*.

General Motors improved ⅜ to $62⅜—after the S.E. close, the company announced second quarter net profits of $3.86 a share, slightly ahead of the $3.82 a share of a year ago.

Ford, after a small increase in earnings gained $1 to $45⅜.

IBM advanced 2⅞ to $276⅜, *Fairchild Camera* 1⅝ *to* $33⅜, *and* **Du Pont** 2⅜ to $117, while **Exxon**, which has raised its dividend, put on ⅜ to $45⅜ in active trading.

American Air Filter climbed 1⅞ *to* $21⅜ *before a trading halt*—it plans to make an "important announcement" after a Board meeting today.

Westinghouse Electric added ⅜ *to* $23⅜—*it has* received a $13m turbine order. **City Investing** rose 1⅜ to $16⅜ in response to higher second-quarter profits.

Phelps Dodge, after increasing *copper* cathode prices 2 cents to 65 cents a pound, moved ahead 1⅜ to $23⅜, but **Simmons**, which reported lower second-quarter net earnings and omitted the quarterly dividend, lost 1⅜ to $12⅜.

THE AMERICAN SE Market Value Index further strengthened by 0.70 to 153.58. *Volume 3.98m shares* (4.49m).

Husky Oil, in second place on the actives list, lost ⅜ to $37⅜—Occidental Petroleum has with*drawn its offer to buy 80 per cent* of Husky in an exchange of stock. **Occidental**, on the New York SE, picked up ⅛ to $20⅜ in active trading.

Telecom jumped 3⅛ to $13⅜ in an active business.

Canada

After Wednesday's easier tone on a bank rate increase, markets resumed their upward movement yesterday in another good business. In Toronto Composite index improved 5.7 to 1,187.3, a new 1978 high, while Golds forged ahead 43.4 to 1,587.8. Oils and Gas rose 11.2 to 1,338.5, Papers 1.47 to 122.56 and Utilities 0.70 to *179.05, but Banks shed 0.15 to* 286.16.

Interprovincial Pipe "A" put on ⅛ to C$15⅜ on a dividend increase. **Canadian Corporate Management "A"** added ⅜ at C$28⅜ on a stronger first-half performance while **Ashland Oil Canada**, C$31⅜, and **Bell Canada** C$58, picked up ⅛ apiece on *higher earnings*.

Du Pont Canada, which reported lower second-quarter net profits, shed ⅜ to C$14⅜.

Paris

The market showed fresh buoyancy yesterday, spurred on by the cut in Call Money to 7⅛ from 7⅜ per cent and the slowing in French retail price inflation to 0.8 per cent in June when many operators were expecting a rise of over 1 per cent. The Paris *Bourse Industrial index* advanced 1.2 to a new peak for the year of 74.4.

Gains ranged as high as 12 per cent in a few cases. Among the strong advancers were **UCB, Cie Petroles, Beghin, Peugeot-Citroen, Carrefour, Club Mediter, Legrand, Paris-France, Thomson-Brandt, Creusot-Loire, Rhone-Poulenc, *L'Oreal, Maisons Phenix, Lyonnaise des Eaux* and Europe 1**, but marked easier were **Saint-Louis, Prenatal, Jeumont, Sacilor** and **Terres Rouges**.

Tokyo

Irregular movements were again recorded in moderate activity. The Nikkei-Dow Jones Average shed a marginal 0.18 to 5,575.11, but the Tokyo SE index improved 0.57 to 421.04. Volume amounted to 270m shares (230m).

Some export-orientated stocks fell on the continued yen appreciation against the U.S. dollar, but Public Works issues rose with investors anticipating new economic measures to ensure a 7 per cent economic growth rate in fiscal 1978.

Sony lost Y10 to Y1,580, **Pioneer Electronics** Y20 to Y1,680, **Honda Motor** Y3 to Y573 and **Ricoh** Y4 to Y525, but **Toda Construction** rose Y8 to Y350, **Wakachiku Construction** Y11 to Y269 and **Furukawa Electric** Y3 to Y163.

Textiles, Steels, Pharmaceuticals and Electric Cables hardened, but Shippings, Non-ferrous Metals, Heavy Electricals and Shipbuilding stocks were lower.

Hisamitsu Pharmaceutical put on Y120 to Y790, **SS Pharmaceutical** Y92 to Y790, **Riken Vinyle** Y60 to Y520, **Kaken Chemical** Y60 to Y1,930, **Nippon Hume Pipe** Y50 to Y395, **Santen Pharmaceutical** Y42 to Y626, **Yoshitomi Pharmaceutical** Y30 to Y605 and **Victor of Japan** Y30 to Y1,130.

On the other hand, **Mochida Pharmaceutical** declined Y70 to Y1,540, **Nippon Television Network** Y60 to Y6,100, **Kokusai Denshin Denwa** Y50 to Y3,810, **Sankyo Seiki** Y42 to Y330, **Toyo Chemical** Y35 to Y207 and **Taiyo Yuden** Y25 to Y710.

Germany

After making further progress, stock prices were inclined to ease back on profit-taking, although gains were still in the majority at the close and the Commerzbank index finished 3.9 firmer at *a fresh 1978 high of 819.9*.

Among those hit by profit-taking were Motors, which have been particularly strong in recent sessions. **Volkswagen** lost DM1, **Daimler-Benz** DM3.50 and **BMW** DM2.50.

Stores, however, recorded fresh good gains, **Horten** advancing DM4.50, **Kaufhof** DM3.30 and **Neckermann** DM3.70.

Bayer led Chemicals DM1.50 higher.

On the Domestic Bond market, Public Authority issues continued to fall heavily, losses of up to 80 pfennigs being recorded. The Bundesbank bought DM163.7m nominal of paper, compared with DM172.3m purchases on Wednesday.

Australia

Further gains were scored in active trading, with Coal stocks attracting special attention.

Among the Coal sector, **Coal and Allied** rose 10 cents more to A$4.80 and **Howard Smith** added 15 cents at A$4.50. **Utah** advanced 8 cents to A$4.28 after a return-to-work by miners at the company's Queensland mines.

BHP climbed 8 cents to A$7.72, while in Breweries, **Tooth** put on 4 cents to A$1.94 on the company's plans to build an A$12m brewery on the north coast of New South Wales.

In Retailers, however, *C. J. Coles* came back 4 cents to A$2.15 on profit-taking after the recent strong rise which followed the good results and the K-Mart *agreement*.

CSR, also strong of late, sustained a reaction of 9 cents to A$3.08 in Sugars.

Renison Tin rose 40 cents to *A$10.40 on higher tin prices*, while **Bougainville Copper** hardened 2 cents to A$1.38 following the release of its six-monthly production reports showing a 20 per cent *increase in copper output*.

Consolidated Goldfields firmed 10 cents to A$3.30, while Uraniums had a mixed day, **Pancontinental** relinquishing 30 cents *to A$15.00 and* **Kathleen Investments** 4 cents to A$2.46, but **Queensland Mines** and **EZ Industries** rising 5 cents apiece to A$2.85 and A$2.80 respectively.

Johannesburg

Gold shares were inclined to lose a little ground, but **President Brand** gained 15 cents to R17.50 and **Harmony** 10 cents to R7.40.

Elsewhere, Diamond issue **De Beers** receded 7 cents to R7.03.

Platinums and Coppers were little tested, while the Industrial market was narrowly mixed.

Switzerland

Stock prices again tended to edge forward in slow trading, helped by a further slight recovery in the dollar and the overnight Wall Street firmness.

Trading in Saurer was active—the company's *Bearer shares rose* 15 to SwFr1,000 and the Registered 15 to SwFr310. There were rumours that Oerlikon Buehrle or Fiat Turin wished to buy Saurer shares, but both companies denied this.

Domestic Bonds firmed slightly, while Foreign Bonds were mixed.

Amsterdam

Shares again moved narrowly with no clear trend.

Hoogovens firmed Fl.1.30 in otherwise little-changed Dutch Internationals.

Elsewhere, **Heineken** rose Fl1.80 and **KLM** Fl2.70.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ○ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

NEW YORK

† Bid. ‡ Asked. § Traded. ¶ New stock

Indices

NEW YORK —DOW JONES

	July 27	July 26	July 25	July 24	July 21	July 20	1978 High	1978 Low	Since compil'n High	Since compil'n Low
Industrial	850.57	847.13	839.57	831.60	835.42	838.62	866.51	742.12	1051.70	41.22
H'me B'nds*	87.48	87.29	87.15	87.20	87.20	87.10	90.99	86.75	—	—
Transport	236.17	236.00	233.05	229.99	228.96	229.10	236.17	[illegible]	279.88	13.23
Utilities	106.09	106.35	105.95	105.48	105.07	105.29	[illegible]	102.84	163.32	10.58
Trading vol. 000's	35,990	36,850	25,400	24,290	26,086	33,540	—			—

* Basis of index changed from August 24

	July 21	July 14	July 7	Year ago (approx.)
Ind. div. yield %	5.62	5.56	5.75	4.81

STANDARD AND POORS

	July 27	July 26	July 25	July 24	July 21	July 20	1978 High	1978 Low	Since Compil'n High	Since Compil'n Low
Industrials	—	109.55	108.52	107.99	108.04	108.30	110.99	95.52	134.64	3.52
Composite	—	99.08	98.44	97.72	97.76	98.05	100.32	86.90	125.85	4.40

	July 19	July 12	June 28	Year ago (approx.)
Ind. div. yield %	5.07	5.18	5.11	4.45
Ind. P/E Ratio	9.12	[illegible]	9.04	10.12
Long Gov. Bond yield	8.69	8.62	8.57	7.59

N.Y.S.E. ALL COMMON

July 27	July 26	July 25	July 24	1978 High	1978 Low
55.90	55.61	55.27	54.66	56.20	48.37

Rises and Falls

	July 27	July 26	July 25
Issues traded	1,887	1,887	1,860
Rises	1,003	961	904
Falls	497	472	523
Unchanged	387	434	433
New Highs	121	118	74
New Lows	8	16	14

		July 27	July 26	July 25	July 24	1978 High	1978 Low
MONTREAL	Industrial	190.82	190.11	190.17	190.01	190.82	162.20
	Combined	189.65	189.01	189.09	188.81	189.65	170.82
TORONTO	Composite	1187.3	1181.6	1182.6	1179.5	1187.3	998.2
JOHANNESBURG	Gold	256.8	254.6	262.4	257.0	257.0	168.0
	Industrial	251.2	250.9	251.4	252.7	254.7	194.9

THURSDAY'S ACTIVE STOCKS

GERMANY ◆

TOKYO ¶

AUSTRALIA

BRAZIL

OSLO

JOHANNESBURG

Securities Rand U.S.$0.71
(Discount of 38.3%)

SPAIN ♥

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ○

COPENHAGEN ♣

STOCKHOLM

MILAN

VIENNA

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½ %
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd	10 %
Cedar Holdings	10½ %
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corpn.	12 %
First Nat. Secs. Ltd.	12 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½ %
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster Ltd.	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½ %
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½ %
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 8¼%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

FARMING AND RAW MATERIALS

Export duty hits Indian tea sales

By Our Own Correspondent

CALCUTTA, July 27.

POOR EXPORT demand, and lower prices led to the withdrawal of nearly 60 per cent of the offerings at this week's tea auctions here.

Heavy withdrawals are also taking place at South Indian auctions, according to the United Planters' Association of Southern India.

The association says that the average realisation for leaf grades has been only Rs9.85 per kilogram.

Export prices for Indian tea are claimed to have become uncompetitive because of the export duty of Rs5 per kilogram imposed by the Government.

Exports to the U.S. from Cochin dropped to a mere 400,000 kilograms in the first five months of this year from 5m kilograms for the same period a year ago.

Sales to the UK have dropped to only 100,000 kilograms from 3.9m tonnes in the same period last year.

The association warns that healthy tea gardens in South India will fail before long if the slide in auction prices is not *checked soon.*

U.S. price rises boost copper

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES rose for the sixth trading day in succession yesterday on the London Metal Exchange.

As a result cash wirebars closed £6.75 up at £722.25 a tonne after trading at £727 earlier.

Encouraging the rise in London values were reports of good buying demand from Japan and the Far East, stimulated by currency movements and a general increase in U.S. copper producer prices.

Phelps Dodge, the biggest U.S. producer, confirmed last night that it was raising its domestic copper price by 2 cents to 65 cents a pound.

This puts it at the same level as Asarco, but Newmont Mining earlier increased its price to 66 cents.

It was announced in Washington that the U.S. International Trade Commission has scheduled for August 3 its vote on whether complaints from the domestic copper industry that it is being harmed by excessive imports are justified, and what if any action should be recommended to *President Carter.*

Although import curbs on zinc were rejected by the Commission recently, the copper industry has presented a more powerful case.

But the final decision rests with Mr. Carter, who will also have to consider political aspects.

In Dar es Salaam, it was claimed yesterday that port congestion was easing and that 55,000 tonnes of Zambian copper would be shipped out within the next ten days, clearing the backlog.

The main problem affecting Zambian copper shipments is difficulties with the Tazara railway, which links Zambia with Dar es Salaam.

Talks are being held between Zambian, Tanzanian and Chinese officials to seek an improvement, but the continued slow turnround of wagons has cut the amount of copper transported to Dar es Salaam.

Decline in sugar halted

By Our Commodities Staff

THE RECENT steady decline in world sugar prices was halted yesterday. London daily raws price was marked up £3 to £84 a tonne in the morning. *On the London futures market* the October position ended the day £2.525 higher at £85.375 a tonne.

The fall, which had trimmed £15 off the LDP in the past month, was mainly due to concern over excessive world supplies, but was also encouraged by the strength of sterling against the dollar.

Dealers said yesterday's rally was helped by the easier tone of sterling as well as by signs of improved physical demand, particularly for white sugar. During the next three weeks buying tenders are scheduled in Afghanistan, Egypt, Iran and Sudan for 60,000 tonnes of raws and 250,000 tonnes of white sugar.

Meanwhile, wrangling over domestic sugar policy continued in the U.S. Congress. The House of Representatives Agriculture Committee was unable to continue its hearings because of its inability to achieve a quorum, but when hearings resume, Mr. E de La Garza (Republican) reportedly plans to offer a compromise which would set the support price on domestic sugar at 16 cents a lb—1 cent below the present proposed price.

EEC AGRICULTURAL POLICY

A prime target for attack

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE COST and the effects of the Common Agricultural Policy on the British economy are now a prime target for attack. The Government is leading the charge, but to show that this is not a purely political gambit, the Confederation of British Industry last week added its weight to attack.

The criticisms centre broadly on the budgetary costs, the rising price of food and the effects on countries formerly supplying Britain and Europe, which now find themselves increasingly shut out of the market.

Financing the Common Agricultural Policy takes rather more than 70 per cent of the Community's total budget. Thus Britain's £1bn contribution this year, £700m goes towards financing the policy. The fact that this total is reduced through the monetary compensatory amounts paid on Community food imports to the extent of about £300m is an accident of currency instability which could eventually be phased out.

The CBI takes the view that Community prices are too high and should be aligned much more with world prices. It's worth noting that world prices of many principal foodstuffs are, *at the moment*, between a half and two-thirds of those fixed in Brussels. British prices, thanks to the operation of MCAs, are about 20 per cent below the Community norm.

It should be made clear, though, that only the Benelux countries and Denmark enjoy the theoretical Common Agricultural Policy prices. The remaining countries have theirs distorted by the MCA system.

The traditional suppliers of food, affected by restrictions and levies — Australia, New Zealand and the U.S. — complain not only about the import barriers, but also about the Community's own subsidised exports to markets they once considered their own. A widespread complaint, for instance, is that wheat markets are lost because of exports of subsidised French flour.

Benefits

Predictably enough, Mr. Finn Gundelach, the EEC Agricultural Commissioner, replies with increasing petulance to any criticisms by citing the benefits the agricultural policy has brought to the cause of European unity, *the security of food* supplies and the welfare of the smaller farmer.

All these points are highly debatable. *Far from* being an agent for European union, the agricultural policy could be said to be a *festering* irritant, as witness the current British spate of criticisms. In any case there are, thanks to currency variations, such marked differences between the agricultural economies of various members, that European union in these matters is even further away than it was originally.

Owing to the refusal of West Germany materially to revalue its "green" currency, the Germans are conducting a completely independent farming policy, which in its effects is probably far more harmful to the future of the Common Agricultural Policy than anything the British can do.

As for security of supplies, there has never been any real danger of a shortage of food for an importing country like Britain. It is true that in 1972-1973 the UK enjoyed some benefit in grain prices from Community membership, but any world market fluctuates and there was no shortage before nor has there been since.

In 1974-75 the sugar shortage could probably have been cheaply overcome by agreeing on a *long-term contract* with Australia, which was available at the time, instead of shutting out supplies from that country.

It has always seemed nonsense to me that a deficit food country like Britain, which has to import 40 per cent of its temperate food, should have to tie its purchases to an area with the highest food prices in the world.

The small, or peasant farmers have been the last to benefit directly from the Common Agricultural Policy. The fact that half of them have left the land since the war has been due to the industrial boom of the 1950s and 1960s and national measures of different sorts. Community financing has been minimal.

Nor do Community prices mean much to them. Putting 10 per cent or 20 per cent on to the price of milk won't do much for the peasant with a couple of cows, but will make quite a difference to a farmer with 10 or 15.

The farms in Europe which cause the problem of surpluses and provide the political pressures for price increases are the small- to medium-family farms. These are almost impossible to rationalise out of surplus production by price freezes or actual reductions. Ironically it is the British farmer, with his heavy borrowings and high wages, who would probably be the first to suffer.

Vested interest

The real vested interest, which Mr. Gundelach is undoubtedly defending, is that of those EEC countries exporting to the UK—particularly Denmark, the Netherlands and Ireland. Denmark's exports of pigmeat are vital to its economy. They receive an export subsidy on pigmeat which is acknowledged to be unfairly calculated through the MCA system. Without this Danish pig farming and possibly the rest of the country's economy could be in real trouble.

The Netherlands also exports pig meat and dairy products with the help of MCA subsidies. Neither the Dutch nor the Danes have a peasant farming problem, but the economies would be seriously affected by any successful attacks on the Community budget for the agricultural policy.

Ireland under the protection *of the CAP, and with the British* market in view, is increasing milk supplies with the stated aim of replacing New Zealand. Although, under the terms of Common Market accession, there is little Britain can do to remedy the situation immediately, there is every good reason to keep these things in mind, to see who gets the benefits, what they cost and who should pay.

Continued rise in U.S. beef price forecast

WASHINGTON, July 27.

U.S. BEEF prices seem likely to continue rising for the next few years, a new report by the U.S. Agriculture Department indicates.

The Department's semi-annual inventory of cattle and calves on hand in the U.S. gives statistical backing to private and public forecasts that beef supplies will be low and beef prices high in coming years.

How high prices will rise, however, is likely to depend on how strong the demand for beef continues to be.

The report shows that the U.S. cattle herd was down 7 per cent *on July 1 from a year earlier* at about 122m. Furthermore, the number of heifers (young females normally retained by cattle raisers to breed beef cattle) was down 9 per cent.

Government analysts said the decline in the cattle totals was in line with most federal and *private estimates, although at the* higher end of the range.

It showed that cattle producers were still liquidating their herds to cash in on higher beef prices, and thus had not begun the slow process of rebuilding cattle numbers, which would increase supplies and help level or reduce *retail beef prices.*

AP-DJ

More gains in coffee

BY RICHARD MOONEY

AFTER ANOTHER hectic day in which prices traded in a £100 range, September coffee futures closed £57.5 higher yesterday at £1,241 a tonne.

The London terminal market opened strongly, following through from Wednesday's upsurge, and the September position reached £1,295 a tonne during the morning.

But the rise, which was mainly attributed to chartist buying, ran out of steam at this level and gains were trimmed by trade and hedge-selling during the afternoon.

Growing nervousness about the possibility of an organised withdrawal from the world market by some Latin American countries was a contributing factor to the morning's rise.

Urging such a move in San Salvador on Wednesday, Sr. Baltasar Ferreiro, *president* of the Salvadorean Coffee Growers' Association, said it ought to be possible to make contacts with other exporters, such as Brazil, Mexico, Colombia and the Ivory Coast, to arrange a co-ordinated withdrawal from the market.

One of the countries he mentioned, Mexico, had already announced a reduction in its minimum export price, indicating an eagerness to sell coffee rather than a willingness to hold off the market in the hope of higher prices.

However, Mexico yesterday announced that it had suspended export registrations pending a visit by Sr. Camillo Calazans, president of the Brazilian Coffee Institute, next week. This led to *speculation that Sr. Ferreiro's* suggestion may have found favour among some of the continent's leading coffee producers.

The IBC president was also reported to be planning a stopoff in Colombia, the world's second biggest producer.

Later, however, Sr. Calazans said he had changed his mind about visiting either Mexico or Colombo and would be travelling straight to London for next week's International Coffee *Organisation executive* Board meeting.

He said Brazil was not interested in selling coffee at current prices but had no plans for closing export registrations. This was a move which would only be made in the case of "a catastrophe."

"Current prices are very bad, but not catastrophic."

Rain damages Sudan cotton

KHARTOUM, July 26.

NEARLY HALF the land prepared for cotton in Sudan's central province of Gezira is expected to have been damaged by two days of torrential rains.

The Sudan News Agency, quoting President Jaafar Mohamed Nimeiri, said that more than 220 villages were destroyed or damaged and about 500,000 people made homeless by the rains.

Sudan's only road link with Port Sudan on the *Red Sea* had been swept away, livestock had been killed and the area's food stocks destroyed.

The President had asked Dr. Kurt Waldheim, Secretary General of the UN, and the ambassadors of friendly countries for urgent assistance.

Reuter

● Britain's Ministry of Overseas Development is sending an RAF Hercules transport aircraft to Sudan on Saturday to assist relief work in the flood-damaged area.

Some 500,000 people are reported to be homeless, 100 villages destroyed and a further 220 severely damaged over a 1.5m-acre area.

Bank of Mexico denies reports of silver buying

MEXICO CITY, July 27.

THE BANK of Mexico is not buying any more silver from mining concerns than it needs to satisfy the demands of the mint, according to a senior official of the bank.

He said that U.S. Press reports that the Bank was buying silver in unusual quantities, which might affect Mexico's near-term exports, were incorrect.

Mexico's production totalled 590 tonnes in the first four months of this year, latest official statistics show.

Production last year was 1,426 tonnes compared with the 1976 total of 1,326 tonnes.

Reuter.

Good outlook for Russian harvest after slow start

BY DAVID SATTER

MOSCOW, July 27.

THE SOVIET grain harvest is off to a slower start than last year, but favourable weather conditions have led U.S. agricultural experts to predict a good crop in the important *Ukraine* and north Caucasus grain-growing areas.

Pravda, the Communist Party newspaper, reported today that as of last Monday, 18.7m hectares of grain had been harvested—about 15 per cent of the area planted. Of this, 12m hectares had been threshed.

This leaves the harvest five or six days behind the pace set last year, but still ahead of 1976, when the Soviet Union had a record grain harvest.

There was relatively little winter "kill" this year and harvesting conditions have been warm and dry—an important point in a country where the harvest *is often spoilt because* of a lack of drying facilities for wet grain.

The harvesting of row crops has not yet begun, but U.S. experts say that conditions have not been as favourable for row crops as for grain.

The grain harvest last year was *194m tonnes, 19m tonnes* below the plan target.

The U.S. Department of Agriculture has set a range for Russia's harvest of 195m to 230m tonnes.

Floods cost Argentine farmers $5m

BUENOS AIRES, July 27.

FARMING LOSSES in Argentina *are estimated at about $5m this* week after 40,000 head of cattle were killed in floods covering 1m cares after irrigation channels burst their banks, according to farmers.

Local agriculture now needs modern technology to be able to match highly efficient producers like the U.S., Canada, Australia and New Zealand, they say, but indications are that things might get worse before they get better.

While the floods underline the weakness of the infrastructure in the agricultural areas, prospects for improvement remain dime because of poor financial incentives for investment.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Gained ground on the London Metal Exchange after covering from the Far East, inspired by currency movements, took forward metal from £739 to £747. But there was some profit-taking at this level and thereafter the market held around £743-£746. Some physical business was reported and Comex opened steadily. The close on the Kerb was £743 but the price advanced after-hours. Turnover 21,000 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £726; three months £746, 48, 48.5, 48, 48.3, 47, 47.5. Cathodes: cash £722.5, 22. Kerb: Wirebars three months £747, 48, 45.5, 45, 44.5, 45, 46, 46.5. Afternoon: Wirebars cash £722.5; three months £746, 45, 44.5. Cathodes three months £740.5. Kerb: Wirebars three months £745, 45.5, 45, 44, 43.5, 43.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Wirebars				
Cash	725-7	+11½	723-.5	+8.75
3 months	747.5-8	+11	744-.5	+7.5
Settl'm'nt	727	+11.5	—	......
Cathodes				
Cash	721.5-2	+10	718-.5	+6.75
3 months	743-.5	+10.5	740-1	+7.75
Settl'm'nt	722	+10	—	......
U.S. Prod.	—	......	65-66	......

TIN—Steady on the protective covering of nearby positions, which held out the backwardation. There was also some U.S. covering against physical business prompted by the lower pound. The East was steady overnight and forward metal in London advanced from £6,400 to £6,445 before closing on the Kerb at £6,430. Turnover 1,220 tonnes.

Morning: Standard cash £6,550; three months £6,440, 45, 40, 35, 40. Kerb: Standard three months £6,440, 45. *Afternoon:* Standard three months £6,440, 45. Kerb: Standard three months £6,440, 50, 45.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	6545-50	+65	6550 60	+7.5
3 months	6455 65	+45	6455 70	+7.5
Settlem't	6550	+65	—	......
Standard				
Cash	6545-50	+65	6550 60	+7.5
3 months	6440 5	+45	6440-50	+7.5
Settlem't	6550	+65	—	......
Straits E.	‡£1698	+2		
New York	—	......		

LEAD—Little changed after a day of light trading when forward metal traded between £320 and £323, helped by short covering, before running into some chartist selling. This led to slightly lower levels and an eventual close on the Kerb of £319.75. Turnover 3,000 tonnes.

Morning: Cash £314, 11, 11.5; three months £323, 22.5, 23, 22.5, 20.5, 20. Kerb: Three months £319.5. Afternoon: Three months £319.5, 20, 21, 20.5, 20. Kerb: Three months £319.5, 20, 19.5, 19.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	311-2	+.625	310-1	−1.25
3 months	319.5-20	−.25	319-20	−1.12
Sett'l'm'nt	312	+1	—	......
U.S. Spot	—	......	31-35	......

ZINC—Moved narrowly as forward metal held in a £4 range. After holding between £320 and £323 on light buying and short covering, some profit-taking pushed the price beneath £320 and led to a close on the Kerb of £319.75 after a routine day's trading. Turnover 3,425 tonnes.

Morning: Three months £323, 22.5, 22.25, 23, 21, 20.5, 20. Kerb: Three months £319.5, 19. Afternoon: Three months £320, 20.5. Kerb: Three months £320.

I.G. Index Limited 01-351 3466. November Coffee 1159-1172.
29 Lamont Road, London, SW10 0HS.

1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

COFFEE

ROBUSTAS continued Wednesday's rally in the morning, when large-scale dealer short-covering and Commission House stop-loss buying took the market to gains of £90 before trade selling turned the tide.

In the afternoon, with New York limit-up values initially steadied, but as buying was exhausted on both exchanges, a sell-off ensued that took the market back to just above yesterday's closing levels. Fresh buying and jobber profit-taking then firmed values somewhat and at the close the market was £38-£60 higher on the day, Drexel Burnham reported.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
July	1255 1270	+102.5	1320 1255
September	1240 1242	+57.5	1295 1190
November	1165-1167	+39.5	1215 1150
January	1120 1125	+38.5	1170 1118
March	1066 1070	+11.5	1120 1065
May	1050 1055	+15.0	1075-1065
July	1025-1035	−15.0	1025 1015

Sales: 5,823 (5,196) lots of 5 tonnes.

ICO Indicator prices for July 26 (U.S. cents per pound): Colombian Mild Arabicas 166.00 (164.00); unwashed Arabicas 130.00 (same); other mild Arabicas 116.50 (114); Robustas ICA 1976 116.50 (same); Robustas ICA 1968 116.75 (same). Daily average 116.50 (115.38).

ARABICAS were all unquoted. There were no sales.

GRAINS

LONDON FUTURES (GAFTA)—The market opened unchanged and initially ...

INDICES

FINANCIAL TIMES

July 26	July 25	Month ago	Year ago
254.64	252.43	247.17	242.49

(Base: July 1, 1952=100)

REUTER'S

July 27	July 26	Month ago	Year ago
1423.3	1412.7	1476.0	1514.2

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	July 26	July 25	Month ago	Year ago
Spot	351.06	349.29	359.14	361.69
Futures	336.63	333.61	345.73	337.69

(Average 1924-25-26=100)

MOODY'S

Moody's	July 26	July 25	Month ago	Year ago
Spie Commty	912.0	907.6	915.7	935.8

(December 31, 1931=100)

BIG INDIAN TUNGSTEN FIND

NEW DELHI, July 27.

A SURVEY by the Rajasthan state Government has revealed deposits of tungsten ore in the hilly region of Nagaur district, about 250 miles south-west of here, the Press Trust of India reports from Jaipur.

The deposits are considerable and the quality of ore very good.

Reuter

SILVER

COCOA

JUTE

SUGAR

RUBBER

SOYABEAN MEAL

WOOL FUTURES

COTTON

MEAT/VEGETABLES

PRICE CHANGES

Price per tonne unless otherwise stated. * Nominal. † New crop. ‡ Unquoted.

	July 27 197-	+ or −	Month ago
English Milling	£91.25	......	£106
Cocoa Shipment	£1,809	+6	£1,890
Future Sept.	£1,743.5	+6	£1,782
Coffee Future Sept.	£1,241	+57.5	£1,497.5
Cotton 'A' Index	70.45	+0.15	70.95c
Rubber kilo	54.00	−0.25	55p
Sugar (Raw)	£84	+5.0	£95
Wooltops 64s kilo	283p	......	283p

k August. m June-August. o July-Sept. p July-Aug. q Sept. w August-Sept. y Per ton. z Indicator price cif. per 10 kilos.

U.S. Markets

NEW YORK, July 28.

PRECIOUS metals eased on speculative liquidation after a smaller than expected U.S. balance of trade deficit. Coffee finished limit up on Commission House and trade buying following uncertainty ...

This edition went to press before the latest U.S. commodity prices were available.

GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.60-£4.80, codlings £2.60-£3.20; large haddock £4.00-£4.50, ...

STOCK EXCHANGE REPORT

Bear squeeze pushes equity index to six-month high

Temporary reduction in special deposits call steadies Gilts

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 10	July 20	July 21	Aug. 1
July 24	Aug. 3	Aug. 4	Aug. 15
Aug. 7	Aug. 17	Aug. 18	Aug. 30

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The increased likelihood of the dividend control Bill succeeding and union opposition to the Government's wages policy were the two factors responsible for initial easiness in stock markets yesterday. Equity leaders were opened a few pence lower but the selling anticipated by dealers was not forthcoming and the manoeuvre encouraged scattered support.

Confidence returned with each step of the ensuing recovery and, aided by talk the institutions were interested in obtaining parcels of leading and good-class industrials, the pace quickened, although actual market business was said to be sparse.

News of the further temporary reduction in the rate of call for clearing bank special deposits also helped sentiment, but the main force of the upturn was attributed to the emergence of a techical situation. Throughout the later stages, the pressure on professionals to cover short positions intensified and as these were partially covered the leaders responded quickly, particularly after the official close.

As a result, the final calculation of the FT 30-share index was 6.8 higher at a six-month peak of 488.8, after having been 2.7 down at the first count of the day. Even more impressive was the broader trend presented by the FT-Actuaries All-share and Industrial Group indices, which moved nearer still to their respective best-ever levels.

Barclays Bank pleasantly surprised with interim profits above expectations, especially after recent disappointment from both Lloyds and NatWest, while Stores extended their good run led by renewed speculative enthusiasm for **Burton Group**.

Continued dullness in Gilt-edged securities was relieved by the cut in special deposits. Potential sellers of the shorts were discouraged and opening losses, ranging to ¼, were replaced eventually by gains to ⅛ despite the fresh easiness in sterling. Longer maturities was fairly quiet, but falls of ¼ were finally halved. Corporations featured the debut of the two **Camden** issues and, reflecting late overnight selling of existing scrips, the 12¼ per cent 1983 stock opened below some estimates. Opening quotes varied and the £10-paid stock traded between 10¼ and 10⅜ before settling at 10⅝, a premium of ⅝ on the issue price. The Variable 1983 was virtually untested and closed at the issue price level of 99¾.

Investment currency rates were volatile, moving between extremes of 97½ and 101 per cent as recent selling pressure eased; the close was 99¼ per cent for a recovery of about two points. Yesterday's SE conversion factor was 0.6838 (0.6886).

By midday yesterday only 127 contracts had been completed in Traded Options and gave every indication of recording the lowest number of deals yet. A pick-up in business, in the afternoon, however, took the total to 404 compared with the previous day's 379. **Marks and Spencer** were prominent with 111 contracts, 61 in the October 180 series. **Grand Met** followed with 93 and **ICI** 87.

Following the previous day's satisfactory debut, **Ernest Jones (Jewellers)** met occasional small selling in a quiet trade and closed 3 cheaper at 138p.

Barclays please

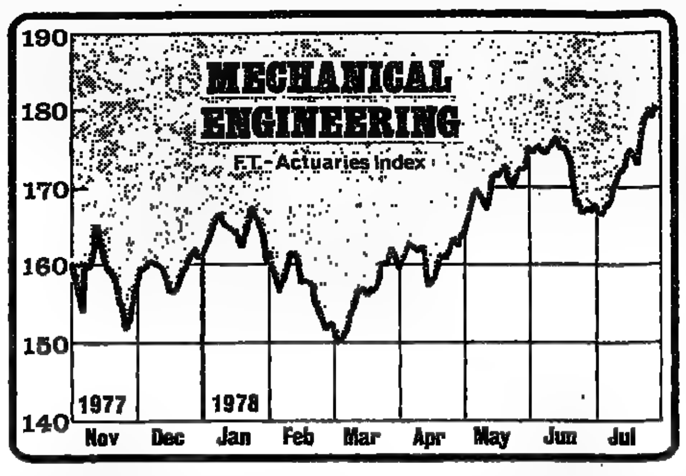
In complete contrast to the recent disappointing half-yearly performances of Lloyds and NatWest, **Barclays** yesterday produced interim profits well above expectations: after an initial mark-up, the shares closed 12 better at 342p. **Midland**, reporting today finished 3 to the good at 363p. **NatWest** ended 5 harder at 275p and **Lloyds** unchanged at 260p. **Hambros**, however, remained on offer and eased 4 more to 160p.

Selected Buildings made headway in a much improved turnover. **Redland** encountered buyers following annual results at the higher end of market estimates and firmed 6 to 152p, while the surprise offer for **Orme Developments** from **Comben** prompted interest in a recently lack-lustre housebuilding sector. Orme jumped 8 to 56p, while Comben shed a penny to 35p. **Saint Piran**, with a recently acquired 22 per cent stake in Orme firmed 3 to 37p on the announcement, while **M. P. Kent**, 38p, and **Gough Cooper**, 78p, held sympathetic gains of 3 and 2. Rumours that a share stake might soon change hands lifted **Veelis Stone** 4 to 36p and, in belated response to an investment recommendation, **Cement Roadstone** firmed 2 to 88p. In thin markets, **Stanley Miller** and **Walter Lawrence** added 2 and 4 to 15p and 94p respectively.

In a thin turnover, **ICI** firmed 6 to 391p. Further speculative interest left **Curless Capel** 2 more to the good at 38p, but **William Ransom** finished 7 lower at 225p on small offerings in a restricted market. **Yorkshire Chemical** eased 2 to 106p on the £3.1m proposed rights issue.

Burton in demand

Good buying developed for Stores which closed sharply better. Particulary favoured were **Burton** issues, the ordinary rising 14 to 148p and the A 12 to 138p on a resurgence of speculative demand on bid hopes; the Warrants closed 2½ dearer at 25p. **Combined English** rose 3 more to 108p, making an advance of 7 since Tuesday's disclosure that the group has agreed terms for the disposal of its loss-making Belgian subsidiary. **Gussies A** put on 4 to 304p and **Marks and Spencer** improved 2 more to a 1978 peak of 167p. **Bourne and Hollingsworth** rallied 9 to 197p awaiting news of the bid discussions. **Grant Bros.** put on 3 to 95p on renewed speculative support. **Bakers Household** added 3½ to 43p. A buoyant market of late on excellent results and a proposed 300 per cent scrip-issue, **Wallis** encountered profit-taking and reacted to 183p before rallying late to close only 3 down on the day at 197p.



Electricals contributed their share of firm spots. **Farnell Electronics** rose 12 to 332p for a two-day gain of 22, while small buying in restricted markets left **Pifco A** 4 better at 90p and **Unitech** 9 higher at 147p. On the other hand, **Laurence Scott** lost another 5 to 98p on further consideration of the results. Among the leaders, **GEC** closed 4 up at 278p and **EMI** finished 5 to the good at 148p.

Charles Clifford Industries did well in Engineering with a jump of 10 to 110p, after 114p, on the announcement that Mr. Oliver Jessel's small public concern Clairmace is to acquire a 20.4 per cent shareholding in CCI from Cooper Industries. **Hill and Smith** edged forward a penny to 81p in response to the higher interim earnings. **F. Pratt**, on the other hand, cheapened that much to 69p, after 66p, following the disappointing half-yearly profits. **Tubes** ended 8 higher at 376p, after 368p, and **Vickers** 5 better at 178p, after 170p.

Fitch Lovell came to the fore in Foods, rising 8 to 68p in active trading on the increased dividend payment and property revaluation surplus which accompanied the preliminary figures. **J. Lyons** moved up 3 to 100p following the annual meeting, while further consideration of the recent results raised **Somportex** 10 further to 83p; the final dividend is to be announced next Wednesday. Small buying lifted **Linfood** 7 to 132p, while **Goldrei Foucard**, 51p, and **Associated Dairies**, 245p, put on 3 apiece. In Supermarkets, **Tesco** were briskly traded and closed a penny better at 48½p. **Hillards**, however, were finally 7 cheaper at 219p, after 214p, on disappointment with the preliminary figures.

Still reflecting the chairman's optimistic statement and news that the ICI pension funds have increased their shareholding, **Ladbroke** rose 6 to 171p for a gain of 16 so far this week. **Wheeler's Restaurants**, which reported preliminary figures on Tuesday, improved 10 to 385p.

Bowater up

Easier at the outset in continuing response to the TUC's opposition to the Government's 5 per cent pay limit and on the improved chance that the Government's dividend control Bill will succeed, the miscellaneous Industrial leaders later staged a useful rally which continued into inter-office dealings. Closing levels were finally the day's best with **Rank** closing 8 to the good at 252p and **Boots** 7 higher at 220p. Publicity given to a broker's circular helped **Bowater** put on 6 to 190p, while **Beecham** firmed 6 to 684p, after 673p, on further consideration of the chairman's encouraging statement. Elsewhere, **De La Rue** rose 25 to 400p on the chairman's optimistic annual statement and, reflecting the return to profitability, **Denbyware** added 8 at 92p, after 94p. **Gleves** saw support at 96p, up 6, while **Cawoods** hardened 3 to 143p following the results. **Prestige** added a similar amount, to 169p, also after trading news, and renewed speculative demand in a thin market prompted a gain of 3 to 48p in **A. R. Findlay**. **Sotheby Parke Bernet** rose 9 to 301p.

Motors and Distributors attracted late interest and closed firmly. **Rolls-Royce** hardened 3 to 104p, while similar improvements were seen in **Charles Hurst**, 57p, and **Tate of Leeds**, 76p.

Recently a rising market in anticipation of the reorganisation proposals, **Thomson Organisation** reflected disappointment with the terms in opening at 255p compared with last Friday's 295p at suspension; however, a fairly lively trade ensued and the rapidly improved to touch 280p before the close of 276p.

A broker's suggestion that the section's pre-tax profits could treble in the period 1977/82 prompted a general late improvement in Properties. **Land Securities** and **MEPC** both gained 2 to 224p and 131p respectively, while **British Land** improved a penny to 38p. Speculative demand lifted **Centrovencial Estates** 6 to 77p with the Capital shares improving 5 to 73p. **Property Holding and Investment** 298p, and **Duejan**, 95p, firmed 3 and 4 respectively.

BP quietly dull

Despite the announcement of a new oil discovery on the southern flank of the Buchan structure, **British Petroleum** drifted down to 856p on small offerings before a partial rally left them 4 cheaper on balance at 860p. **Shell** moved in a similar fashion, but closed a couple of pence to the good at 562p after 552p. **Lasmo**, on the other hand, found renewed support and firmed 10 to 136p; the "Ops" gained 15 more to 380p in a thin market for a three day advance of 45. **Siebens (UK)** put on 20 to 414p.

Inchcape featured Overseas Traders, falling 15 to 383p on the profits setback. **African Lakes**, however, contrasted with an advance of 15 to a 1978 peak of 205p on revived speculative interest.

Investment Trusts closed firmly following a reasonable business. Awaiting fresh developments in the bid situation, **Investment Trust Corporation** improved 4 to 286p.

Dawson International A, at 146p, gave up 3 of the previous day's bid-inspired rise of 8. Elsewhere in Textiles, **Harold Ingram** eased 2 to a 1978 low of 27p in further response to the profits setback and dividend omission.

A modest two-way business in Plantations left prices little changed. **Guthrie**, at 370p, regained half the previous day's fall of 6. **Kulim** touched 52½p on rumours, later denied, of a fire on one of its estates; the close was 53p, down a penny. **Lawrie Plantations**, formed by the merger of Jokai and Longbourne, made a quiet debut, opening and closing at 350p.

Steady Australians

In generally subdued mining markets, small Australian stocks stood out with gains as a result of limited buying following the firm performance of the overnight Sydney market. Rises were accentuated by the increase in the investment dollar premium.

The Pacific twins both gained ground on oil and gas hopes. **Central Pacific** moved 50 higher to 600p and **South Pacific** rose 15 to 240p. Still attracting attention because of the stake in the Ashton diamond venture, **Northern Mining** closed 5 harder at 120p, while **Atherton Antimony** gained 4 to 183p on continuing optimism about the Fijian gold prospect.

Following the announcement of reduced losses, **Mount Lyell** finished unchanged at 29p. Among Australian Coals, **Utah Mining** held steady at 380p after news suggesting that the strike at their Queensland mines will soon end.

South African Golds marked time, showing a slightly easier tendency in dollar terms. In late trading there was limited U.S. interest and this, coupled with the rise in the premium, allowed the Gold Mines Index to rise 2.6 to 173.2.

The market lacked the stimulus of a decisive movement in the bullion price, which closed 25 cents lower at $194.125 an ounce.

Price changes were limited to a few pence with a heavily-priced stock like **West Dries** finishing ½ higher at £22. **Stilfontein** were initially marked down, following news of the accident which could mean a production cut, but Cape buying allowed the shares to finish just 1 softer at 300p.

Trading was thin among South African Financials. There was some two-way trade in **De Beers** with small Continental demand pushing the price up 4 to 384p. Cape support for **UC Investments** after the recent announcement of higher dividends led to an advance of 8 to 242p.

Both Coppers and Tins were held steady by the higher premium but the markets remained untested. Among the domestic Tin issues **Geevor** remained at 135p after its higher dividend announcement with buyers apparently reluctant in front of last night's Commons debate on dividend policy.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	12	40	55
Corpns. Dominion and Foreign Bonds	10	6	48
Industrials	393	237	908
Financial and Prop.	95	86	333
Oils	15	6	11
Plantations	7	9	30
Mines	66	12	50
Recent Issues	7	5	32
Totals	605	397	1,438

FINANCIAL TIMES STOCK INDICES

	July 27	July 26	July 25	July 24	July 21	July 20	A year ago
Government Secs	70.79	70.88	71.07	70.99	70.78	70.70	67.98
Fixed Interest	73.21	72.21	72.25	72.05	71.70	71.67	68.45
Industrial Ordinary	488.8	482.0	485.4	483.9	479.2	470.4	440.2
Gold Mines	173.2	170.6	175.4	180.3	175.0	170.7	119.0
Ord. Div. Yield	5.45	5.51	5.47	5.50	5.54	5.64	5.48
Earnings Y'ld%(full)(*)	16.53	16.75	16.60	16.68	16.81	17.14	16.37
P/E Ratio (net)(*)	8.08	7.99	8.05	8.01	7.94	7.79	8.84
Dealings marked	4,775	5,168	5,450	4,932	4,428	4,367	4,934
Equity turnover £m	—	62.96	84.37	82.96	103.54	73.77	66.19
Equity bargains total	—	16,556	18,537	17,183	17,692	15,920	11,414

10 am 479.3. 11 am [illegible]. Noon [illegible]. 1 pm [illegible]. 2 pm [illegible]. 3 pm [illegible].

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. [illegible]

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.5 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	180.3 (24/7)	130.3 (5/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 27	July 26
—Daily		
Gilt-Edged	138.9	168.2
Industries	175.5	185.5
Speculative	31.1	38.1
Totals	103.8	117.6
5-day Average		
Gilt-Edged	160.1	161.3
Industries	175.5	169.2
Speculative	42.7	44.0
Totals	112.7	110.8

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (117)

BRITISH FUNDS (1)
BANKS (4)
BUILDINGS (5)
CHEMICALS (1)
DRAPERY & STORES (11)
ELECTRICALS (7)
ENGINEERING (16)
FOODS (2)
INDUSTRIALS (34)
INSURANCE (3)
NEWSPAPERS (3)
PAPER & PRINTING (1)
PROPERTY (2)
SHOES (1)
TEXTILES (2)
TRUSTS (21)
OVERSEAS TRADERS (1)
MINES (2)

NEW LOWS (3)

BRITISH FUNDS (1)
Treas. 14 pc 1998
FOODS (1)
Lockwoods
TEXTILES (1)
Ingram (H.)

LONDON TRADED OPTIONS

Option	Ex'rcise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	750	135	—	154	—	—	—	864p
BP	800	95	—	114	—	[illegible]	—	
BP	850	56	—	82	—	[illegible]	—	
BP	900	42	15	55	—	[illegible]	—	
Com. Union	140	16	—	[illegible]	—	[illegible]	—	150p
Com. Union	150	10	—	[illegible]	—	[illegible]	—	
Cons. Gold	160	52	—	[illegible]	—	[illegible]	—	183p
Cons. Gold	180	17	—	[illegible]	—	[illegible]	—	
Cons. Gold	200	7	—	[illegible]	—	[illegible]	—	
Courtaulds	100	[illegible]	—	[illegible]	—	[illegible]	—	120p
Courtaulds	110	[illegible]	—	[illegible]	—	[illegible]	—	
Courtaulds	120	[illegible]	—	[illegible]	—	[illegible]	—	
Courtaulds	130	[illegible]	—	[illegible]	—	[illegible]	—	
GEC	220	61	—	[illegible]	—	[illegible]	—	276p
GEC	240	41	—	[illegible]	—	[illegible]	—	
GEC	260	21	—	[illegible]	—	[illegible]	—	
GEC	280	10	—	[illegible]	—	[illegible]	—	
Grand Met.	100	[illegible]	—	[illegible]	—	[illegible]	—	115p
Grand Met.	110	[illegible]	—	[illegible]	—	[illegible]	—	
Grand Met.	120	[illegible]	—	[illegible]	—	[illegible]	—	
ICI	330	[illegible]	—	[illegible]	—	[illegible]	—	388p
ICI	360	[illegible]	—	[illegible]	—	[illegible]	—	
ICI	390	[illegible]	—	[illegible]	—	[illegible]	—	
ICI	420	[illegible]	—	[illegible]	—	[illegible]	—	
Land Secs.	180	[illegible]	—	[illegible]	—	[illegible]	—	222p
Land Secs.	200	[illegible]	—	[illegible]	—	[illegible]	—	
Land Secs.	220	[illegible]	—	[illegible]	—	[illegible]	—	
Land Secs.	240	[illegible]	—	[illegible]	—	[illegible]	—	
Marks & Sp.	120	[illegible]	—	[illegible]	—	[illegible]	—	166p
Marks & Sp.	140	[illegible]	—	[illegible]	—	[illegible]	—	
Marks & Sp.	160	[illegible]	—	[illegible]	—	[illegible]	—	
Marks & Sp.	180	[illegible]	—	[illegible]	—	[illegible]	—	
Shell	500	[illegible]	—	[illegible]	—	[illegible]	—	563p
Shell	550	[illegible]	—	[illegible]	—	[illegible]	—	
Shell	600	[illegible]	—	[illegible]	—	[illegible]	—	
Totals			284		40		80	

LEADERS AND LAGGARDS

The following table shows the percentage changes which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines index.

Section	% change	Section	% change
Gold Mines	[illegible]	Metal and Metal Forming	[illegible]
Newspapers and Publishing	[illegible]	All-Share Index	[illegible]
Overseas Traders	[illegible]	Oils	[illegible]
Mining Finance	[illegible]	Electricals	[illegible]
Tobaccos	[illegible]	Consumer Goods (Non-Durable) Group	[illegible]
Mechanical Engineering	[illegible]	Pharmaceutical Products	[illegible]
Chemicals	[illegible]	Stores	[illegible]
Engineering Contractors	[illegible]	Food Retailing	[illegible]
Toys and Games	[illegible]	Food Manufacturing	[illegible]
Investment Trusts	[illegible]	Breweries	[illegible]
Motors and Distributors	[illegible]	Insurance (Life)	[illegible]
Wines and Spirits	[illegible]	Household Goods	[illegible]
Capital Goods Group	[illegible]	Entertainment and Catering	[illegible]
Consumer Goods (Durable) Group	[illegible]	Property	[illegible]
Packaging and Paper	[illegible]	Merchant Banks	[illegible]
Other Groups	[illegible]	Financial Group	[illegible]
Building Materials	[illegible]	Banks	[illegible]
Industrial Group	[illegible]	Hire Purchase	[illegible]
500 Share Index	[illegible]	Insurance (Composite)	[illegible]
Textiles	[illegible]	Office Equipment	[illegible]
Electronics, Radio and TV	[illegible]	Discount Houses	[illegible]
Insurance Brokers	[illegible]	Shipping	[illegible]
Contracting and Construction	[illegible]		

Percentage changes based on Tuesday, July 25, 1978 indices.

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 18	July 31	Oct. 12	Oct. 24
Aug. 7	Aug. 14	Oct. 26	Nov. 7
Aug. 15	Aug. 29	Nov. 9	Nov. 21

For rate indications see end of Share Information Service

Stocks favoured for the call were ICI, English Property, Burmah Oil, J. Laing, Phoenix Timber, British Land, MP Kent, Sir Joseph Causton, Coral Leisure and Britannia Arrow, while doubles were arranged in Premier Consolidated Oil and Howard Machinery.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	19	391	+ 6	396	328
GEC	25p	11	278	+ 4	278	233
Orme Developm'ts	10p	11	56	+ 8	57½	40
Barclays Bank	£1	10	342	+12	358	298
Beecham	25p	10	684	+ 6	684	583
Marks & Spencer	25p	10	167	+ 2	167	135
BP	£1	9	860	− 4	896	720
Shell Transport	25p	9	562	+ 2	586	484
Thomson Org.	25p	9	276	—	293	135
BATs Defd.	25p	8	279	+ 2	298	227
Glaxo	50p	8	590	+ 5	610	515
GUS A	25p	8	304	+ 4	312	236
Boots	25p	7	220	+ 7	231	184
P & O Defd.	£1	7	87	—	118	83½
Unilever	25p	7	530	—	548	476

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Minimum tender price. ‖‖ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., July 27, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) Corp. Tax 52%	Wed. July 26 Index No.	Tues. July 25 Index No.	Mon. July 24 Index No.	Fri. July 21 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	223.74	+0.6	17.01	5.49	8.14	222.34	222.49	221.28	219.26	178.60
2	Building Materials (27)	202.76	+0.5	17.20	5.49	8.22	201.71	201.55	198.34	196.72	148.51
3	Contracting, Construction (27)	353.83	+0.2	19.73	4.18	7.37	353.03	353.79	349.54	344.37	246.42
4	Electricals (14)	479.52	+0.9	14.29	3.87	9.91	475.22	474.72	475.74	470.54	365.22
5	Engineering Contractors (14)	327.84	−0.1	18.30	6.31	7.28	328.21	328.81	328.44	326.27	258.77
6	Mechanical Engineering (72)	180.12	+0.6	18.15	5.97	7.38	179.01	179.57	178.76	177.14	157.98
8	Metals and Metal Forming (16)	168.67	+0.9	16.94	8.34	8.04	167.15	167.02	166.29	165.68	145.90
	CONSUMER GOODS										
11	(DURABLE) (52)	205.37	+0.6	16.85	5.11	8.30	204.22	203.85	203.91	202.78	164.65
12	Lt. Electronics, Radio TV (15)	245.18	+0.5	15.24	4.16	9.22	243.85	242.48	245.33	241.85	193.09
13	Household Goods (12)	183.04	—	16.11	6.20	8.56	183.02	181.83	179.24	176.85	154.85
14	Motors and Distributors (25)	127.41	+0.7	19.52	6.35	7.14	126.50	127.16	127.00	126.64	107.15
	CONSUMER GOODS										
21	(NON-DURABLE) (175)	210.97	+0.6	15.43	5.69	8.75	209.63	210.30	209.04	206.52	166.14
22	Breweries (14)	230.65	+0.6	15.10	5.90	9.13	229.23	230.12	228.62	224.95	173.26
23	Wines and Spirits (6)	272.45	+0.4	15.71	5.31	9.66	271.42	272.67	271.45	265.18	198.16
24	Entertainment, Catering (17)	261.87	+1.5	15.03	6.63	9.74	257.94	258.70	257.41	254.77	206.31
25	Food Manufacturing (21)	200.51	+0.1	18.84	5.52	7.02	200.35	200.83	199.56	197.42	171.83
26	Food Retailing (15)	218.43	+1.0	13.92	4.73	9.97	216.36	217.46	215.89	215.00	171.48
32	Newspapers, Publishing (13)	400.99	−4.0	10.05	3.12	14.20	417.65	416.75	416.72	413.59	298.38
33	Packaging and Paper (15)	138.33	+1.2	18.92	7.67	6.97	136.63	136.78	136.00	135.80	115.93
34	Stores (40)	198.77	+1.4	10.82	4.53	13.59	195.97	196.42	195.70	191.92	147.60
35	Textiles (25)	179.09	+0.9	18.53	7.73	7.00	177.51	178.58	179.07	178.10	153.86
36	Tobaccos (3)	252.05	—	21.77	7.43	5.42	252.05	253.52	253.02	247.77	209.12
37	Toys and Games (6)	109.71	−0.6	18.53	5.80	6.59	110.36	111.11	111.04	111.44	99.50
41	OTHER GROUPS (98)	204.86	+1.0	15.68	5.65	8.35	202.90	203.85	202.55	200.81	176.99
42	Chemicals (19)	292.25	+1.2	16.91	5.78	8.03	288.90	291.88	291.74	290.01	248.54
43	Pharmaceutical Products (7)	267.59	+0.6	10.80	3.83	11.52	265.89	266.80	263.69	262.26	0.00
44	Office Equipment (6)	132.73	+2.4	18.05	5.73	6.56	129.57	130.44	129.59	128.33	103.68
45	Shipping (10)	415.99	−0.3	17.42	7.36	7.07	417.25	414.52	411.86	405.83	474.65
46	Miscellaneous (56)	215.97	+0.9	16.67	6.13	8.00	214.02	214.22	212.20	209.58	173.87
49	INDUSTRIAL GROUP (495)	219.36	+0.7	15.98	5.59	8.46	217.80	218.38	217.35	215.00	178.11
51	Oils (5)	492.46	−0.1	14.99	4.01	7.24	492.73	495.16	493.72	496.05	493.84
59	500 SHARE INDEX	242.21	+0.6	15.83	5.36	8.26	240.76	241.48	240.41	238.36	203.95
61	FINANCIAL GROUP (100)	168.20	+0.6	—	5.67	—	167.13	167.51	167.26	165.65	135.48
62	Banks (6)	190.10	+1.6	24.05	6.02	6.27	187.15	188.42	188.77	188.08	155.67
63	Discount Houses (10)	207.49	+0.5	—	8.34	—	206.41	203.85	203.45	204.80	165.32
64	Hire Purchase (5)	155.98	−0.4	12.66	5.28	11.68	156.68	159.47	159.12	157.28	125.28
65	Insurance (Life) (10)	141.63	+0.6	—	6.43	—	140.84	140.06	140.32	138.55	102.33
66	Insurance (Composite) (7)	129.22	+0.2	—	6.60	—	128.91	129.40	128.50	127.13	109.84
67	Insurance Brokers (10)	349.14	+0.2	13.48	4.50	10.62	348.50	349.23	346.43	345.35	299.55
68	Merchant Banks (14)	79.95	—	—	6.12	—	79.96	80.31	80.22	80.17	65.54
69	Property (31)	243.13	+0.5	2.91	3.08	68.03	241.89	241.33	242.42	237.75	180.25
70	Miscellaneous (7)	108.83	−0.2	23.33	7.68	5.58	109.01	108.74	107.76	105.32	90.03
71	Investment Trusts (50)	224.64	−0.3	3.09	4.53	32.34	225.24	225.41	223.96	223.27	168.82
81	Mining Finance (4)	101.18	—	17.44	6.88	6.98	101.18	101.92	101.22	101.52	92.10
91	Overseas Traders (19)	320.66	−1.1	16.33	6.65	7.52	324.23	326.72	324.08	318.90	270.64
99	ALL-SHARE INDEX (673)	223.16	+0.5	—	5.43	—	222.01	222.66	221.73	219.86	165.59

FIXED INTEREST PRICE INDICES

	British Government	Thurs. July 27	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.66	+0.06	—	4.91
2	5-15 years	114.58	−0.14	—	7.06
3	Over 15 years	120.88	−0.04	—	8.21
4	Irredeemables	127.54	+0.06	—	7.24
5	All stocks	113.27	−0.06	—	6.56

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Thurs. July 27	Wed. July 26	Year ago (approx.)
1	Low Coupons	5 years	8.71	8.70	7.61
2		15 years	10.84	10.81	11.41
3		25 years	11.55	11.52	11.61
4	Medium Coupons	5 years	11.26	11.25	10.08
5		15 years	12.03	12.03	12.27
6		25 years	12.16	12.17	12.41
7	High Coupons	5 years	11.50	11.51	10.50
8		15 years	12.57	12.55	12.86
9		25 years	12.61	12.78	12.88
10	Irredeemables		11.57	11.57	12.52

		Thurs. July 27 Index No.	Yield %	Wed. July 26	Tues. July 25	Monday July 24	Friday July 21	Thurs. July 20	Wed. July 19	Tues. July 18	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.17	13.98	57.17	57.16	57.00	56.91	56.89	57.02	56.99	52.89
16	Investment Trust Prefs. (15)	51.80	13.64	51.80	51.80	50.82	50.77	51.04	51.55	50.61	[illegible]
17	Coml. and Indl. Prefs. (20)	70.08	12.82	70.01	69.94	69.79	69.50	69.50	69.99	70.04	63.99

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

INSURANCE, PROPERTY BONDS

Capital Life Assurance♥
Coniston House, Chapel Ash W'ton 0902 28511

Key Invest. Fd.		100.98	.....	—
PacemakerInv.Fd.		101.87	.....	—

Charterhouse Magna Gp.♥
18, Chequers Sq., Uxbridge UB8 1NE 52191

Chrthse Energy	38.6	40.6	.....	—
Chrthse. Money	27.4	31.0	.....	—
Chrthse. Managed	37.4	41.4	.....	—
Chrthse. Equity	35.6	37.5	.....	—
Magna Bld. Soc.		133.6	.....	—
Magna Managed		150.6	.....	—

City of Westminster Assur. Co. Ltd.
Ringstead House, 6 Whitehorse Road, Croydon CR0 2JA. 01-684 9664.

West Prop. Fund	60.5	63.6	.....	—
Managed Fund	171.7	180.7	.....	—
Equity Fund	59.7	62.8	+0.4	—
Farmland Fund	73.9	77.7	.....	—
Money Fund	121.2	127.5	.....	—
Gilt Fund	62.5	65.7	−0.1	—
PULA Fund	164.7	173.0	.....	—
Pens. Mngd. Cap.	117.1	123.2	.....	—
Pens. Mngd. Acc.	121.7	128.1	.....	—
Pens. Money Cap.	46.7	49.1	.....	—
Pens. Money Acc.	48.5	51.0	.....	—
Pens. Equity Cap.	55.5	58.4	.....	—
Pens. Equity Acc.	57.6	60.6	.....	—

Fund currently closed to new investment.

Perform Units		201.0	.....	—

City of Westminster Assur. Soc. Ltd.
Telephone 01-684 9664

First Units	123.6	129.7	.....	—
Property Units	54.7	57.4	.....	—

Commercial Union Group
St. Helen's, 1, Undershaft, EC3. 01-283 7500

VrAnAcUt July 22		55.14	.....	—
Do. Annuity Uts		18.05	+0.06	—

Confederation Life Insurance Co.
50, Chancery Lane, WC2A 1HE. 01-242 0282

♥Equity Fund	152.6	160.2	.....	—
♥Managed Fund	177.7	186.5	.....	—
♥PIP Fund	275.4	—	.....	—
Persnl. Pen. Mngd.	72.6	76.2	.....	—
Staffed Mngd.Pn.	72.6	76.2	.....	—
Group Mngd. Pen.		186.8	.....	—
Fixed Int. Pen.		199.7	.....	—
Equity Pension		224.0	.....	—
Property Pension		139.4	.....	—

Cornhill Insurance Co. Ltd.
32, Cornhill, E.C.3. 01-626 5410

Cap. Feb. Aug. 15	126.0	—	.....	—
GS Spec. Aug. 15	52.5	—	.....	—
MnGthFd July 20	173.0	182.5	.....	—

Credit & Commerce Insurance
120, Regent St., London W1R 5FE. 01-439 7081

C&C Mngd. Fd.	122.0	132.0	.....	—

Crown Life Assurance Co. Ltd.♥
Crown Life Hse., Woking, GU21 1XW 04862 5033

Mang'd Fund Acc.	104.2	109.5	−0.5	—
Mang'd Fd. Incm.	104.1	109.5	−0.5	6.40
Mang'd Fd. Init.	103.2	108.6	−0.5	—
Equity Fd. Acc.	99.3	104.5	+0.1	—
Equity Fd. Incm.	99.3	104.5	+0.1	8.26
Equity Fd. Init.	99.0	104.2	.....	—
Property Fd. Acc.	96.1	101.1	.....	—
Property Fd. Incm.	96.1	101.1	.....	9.97
Property Fd. Init.	95.6	100.6	.....	—
Inv. Tst. Fd. Acc.	105.8	110.9	−0.5	—
Inv. Tst. Fd. Incm.	105.0	110.5	−0.5	5.70
Inv. Tst. Fd. Init.	104.5	109.9	−0.5	—
Fixed Int. Fd. Acc.	98.0	103.1	−0.2	—
Fxd. Int. Fd. Incm.	98.0	103.1	−0.2	12.44
Inter'l. Fd. Acc.	115.9	121.9	−0.3	—
Inter'l. Fd. Incm.	115.9	121.9	−0.3	5.72
Money Fd. Acc.	96.3	101.3	.....	—
Money Fd. Incm.	96.3	101.3	.....	8.75
Dist. Fd. Incm.	104.7	110.2	−0.1	8.35
Crown Brt. Inv.'A'	155.5	—	.....	—

Crusader Insurance Co. Ltd.
Vincula House, Tower Pl., EC3. 01-626 8031

Gth. Prop. July 4	70.9	80.4	.....	—

Eagle Star Insur/Midland Ass.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	53.2	55.2	−0.1	6.12

Equity & Law Life Ass. Soc. Ltd.♥
Amersham Road, High Wycombe 0494 33377

Equity Fd.	115.7	121.7	.....	—
Property Fd.	106.8	112.4	.....	—
Fixed Interest F.	109.2	114.9	−0.3	—
Gtd. Deposit Fd.	99.4	104.6	.....	—
Mixed Fd.	111.7	117.5	−0.2	—

Legal & General (Unit Assur.) Ltd.
Kingswood House, Kingswood, Tadworth, Surrey KT20 6EU. Burgh Heath 53456

Cash Initial	95.8	100.9	+0.1	—
Do. Accum.	97.7	102.9	.....	—
Equity Initial	121.8	128.4	+0.1	—
Do. Accum.	126.4	133.1	+0.2	—
Fixed Initial	117.5	123.7	−0.4	—
Do. Accum.	119.9	126.3	−0.4	—
Intl. Initial	100.2	105.5	+0.6	—
Do. Accum.	100.6	105.9	+0.5	—
Managed Initial	119.9	126.3	−0.1	—
Do. Accum.	122.4	128.9	.....	—
Property Initial	99.2	104.5	.....	—
Do. Accum.	101.2	106.6	.....	—

Legal & General (Unit Pensions) Ltd.

Exempt Cash Init.	97.0	102.2	.....	—
Do. Accum.	98.9	104.2	.....	—
Exempt Eqty. Init.	125.2	131.8	.....	—
Do. Accum.	127.6	134.3	.....	—
Exempt Fixed Init.	113.3	119.2	.....	—
Do. Accum.	115.4	121.5	.....	—
Exempt Mngd. Init.	123.5	130.0	.....	—
Do. Accum.	125.8	132.5	.....	—
Exempt Prop. Init.	97.0	102.2	.....	—
Do. Accum.	98.9	104.2	.....	—

Legal & General Prop. Fd. Mgrs. Ltd
11, Queen Victoria St., EC4N 4TP 01-248 9678

L&GPrp.Fd. July 3	96.5	101.7	.....	—

Next sub. day August 1.

Life Assur. Co. of Pennsylvania
39-42 New Bond St., W1 70RQ. 01-493 8395

LACOP Units	98.5	103.6	.....	—

Lloyds Bk. Unit Tst. Mngrs. Ltd.
71, Lombard St., EC3. 01-623 1288

Exempt	98.7	102.8	.....	7.98

Lloyds Life Assurance
20, Clifton St., EC2A 4MX

Mlt.Gth. July 6		1.29756	.....	—
Opt.5'A'Prp. Jly 27	125.4	132.0	+0.8	—
Opt.5'A'Eqt.Jly 27	134.0	141.1	+4.9	—
Opt.5'A'H.Yd.Jly 27	156.5	164.8	+0.2	—
Opt.5'A'Man.Jly 27	150.5	158.5	+1.9	—
Opt.5'A'Dpt.Jly 27	122.0	128.5	+0.1	—

London Indemnity & Gnl. Ins. Co. Ltd.
18-20, The Forbury, Reading 583511.

Money Manager	34.3	36.9	.....	—
M.M. Flexible	30.5	32.2	.....	—
Fixed Interest	34.3	36.2	.....	—

The London & Manchester Ass. Gp.♥
Winslade Park, Exeter. 0392-52155

Cap. Growth Fund		227.4	.....	—
♦Flex. Exempt Fd.		134.0	.....	—
♦Exempt Prop. Fd.		90.0	.....	—
♦Expt. Inv. Tst. Fd.		153.5	.....	—
Flexible Fund		115.1	.....	—
Inv. Trust Fund		141.6	.....	—
Property Fund		83.0	.....	—

M & G Group♥
Three Quays, Tower Hill EC3R 6BQ 01-626 4588

Pers. Pension***		234.3	.....	—
Conv. Deposit*	118.5	124.5	.....	—
Equity Bond**	142.6	148.8	+3.8	—
Family 79-80**	165.3	—	+3.0	—
Family 81-86**	190.6	—	+4.9	—
Gilt Bond***	106.5	111.9	.....	—
Internatnl. Bond**	105.0	110.6	+0.5	—
Managed Bd.***	139.9	147.0	.....	—
Property Bd**	159.5	167.4	+0.1	—
Ex. Yield Fd. Bd.*	82.9	87.2	.....	—
Recovery Fd. Bd.*	64.1	67.4	.....	—
American Fd. Bd.*	52.7	55.4	.....	—
Japan Fd. Bd.*	55.7	58.6	.....	—

Prices on *July 26, **July 27, ***July 21.

Merchant Investors Assurance
125, High Street, Croydon. 01-686 9171

Property		154.2	.....	—
Property Pens.		161.1	.....	—
Equity		58.5	.....	—
Equity Pens.		167.4	.....	—
Money Market		141.7	.....	—
Money Mkt. Pens.		183.1	.....	—
Deposit		129.1	.....	—
Deposit Pens.		140.7	.....	—
Managed		105.6	.....	—
Managed Pens.		137.5	.....	—
Intl. Equity		107.7	.....	—
Intl. Managed		105.2	.....	—

NEL Pensions Ltd.
Milton Court, Dorking, Surrey. 5911

Nelex Eq. Cap.	82.3	86.6	.....	—
Nelex Eq. Accum.	115.9	122.0	−0.5	—
Nelex Money Cap.	62.6	65.8	.....	—
Nelex Mon. Acc.	66.7	70.2	.....	—
Nelex Gth Inc Cap.	50.0	52.6	.....	—
Nelex Gth Inc Acc.	51.3	54.0	.....	—
Nel Mxd. Fd. Cap.	48.0	50.5	.....	—
Nel Mxd. Fd. Acc.	48.5	51.1	.....	—

Next Sub. day August 25.
For New Court Property see under Rothschild Asset Management

FOOD PRICE MOVEMENTS

	July 27 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,115	1,115	1,090
British A.1 per ton	1,085	1,085	1,075
Irish Special per ton	1,085	1,085	1,065
Ulster A.1 per ton¶	1,085	1,085	1,085
BUTTER			
NZ per 20 kg	12.59/12.72	12.59/12.72	12.31/12.62
English per cwt†	74.11	72.98	71.85/72.95
Danish salted per cwt†	74.98/77.55	74.98/77.55	73.96/76.72
CHEESE¶			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,202.10	1,202.10	1,164.30
EGGS*			
Home-produce:			
Size 4	2.60/2.75	2.80/3.10	2.30/2.80
Size 2	3.50/3.80	4.00/4.30	3.90/4.60
	July 27 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0/58.0	54.0/58.0	56.0/59.0
Eire forequarters	35.0/39.0	37.0/39.0	—
LAMB			
English	54.0/60.0	58.0/60.0	60.0/62.0
NZ PLs-PMs	53.0/55.0	53.0/54.5	53.0/54.0
PORK (all weights)	35.0/44.0	35.0/44.0	35.0/44.0
POULTRY—Broiler chickens	36.5/38.5	36.0/39.0	36.0/39.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery July 29-August 6.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

P. & C. Mgmt. Ltd. Inv. Advisers
1-2, Laurence Pountney Hill, EC4R 0BA. 01-623 4680

Cent.Fd. July 19		$US5.59	.....	—

Fidelity Mgmt. & Res. (Bda.) Ltd.
P.O. Box 670, Hamilton, Bermuda.

Fidelity Am. Ass.		$US26.62	.....	—
Fidelity Int. Fund		$US22.47	.....	—
Fidelity Pac. Fd.		$US50.89	.....	—
Fidelity Wrld Fd.		$US15.73	+0.17	—

Fidelity Mgmt. Research (Jersey) Ltd.
Waterloo Hse., Don St., St. Helier, Jersey. 0534 27561

Series A (Intnl.)		£3.95	.....	—
Series B (Pacific)		£8.97	.....	—
Series D (Am.Ass.)		£18.89	.....	—

First Viking Commodity Trusts
8, St. George's St., Douglas, I.o.M. 0624 4682. Ldn. Agts. Dunbar & Co., Ltd., 53, Pall Mall, London SW17 5JH. 01-930 7857

Fst. Vik. Cm. Tst.	34.3	36.1	+0.3	3.10
Fst.Vk.Dbl.Op.Tst.	78.0	80.0	.....	1.80

Fleming Japan Fund S.A.
37, rue Notre-Dame, Luxembourg

Fleming July 19		$US56.75	.....	—

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.

NAV June 30		$US185.76	.....	—

G.T. Management Ltd.
Park Hse., 16 Finsbury Circus, London EC2. Tel: 01-628 8131. TLX: 886100
London Agents for:

Anchor 'B' Units	$US0.97	1.02	+0.02	2.10
Anchor Gilt Edge	£9.73	9.79	−0.02	12.97
Anchor Int. Fd.	$US4.75	5.02	+0.11	2.09
Anchor In. Jsy. Tst.	28.0	29.8	.....	2.62
Berry Pac Fd.		$US49.67	+0.02	0.80
Berry Pac Strlg	297.00	310.96	−4.16	0.96
G.T. Asia Fd.	$HK9.47	10.12	+0.23	1.47
G.T. Asia Sterling	£14.79	15.89	−0.15	1.29
G.T. Bond Fund		$US13.21	+0.09	5.60
G.T. Dollar Fd.		$US7.38	.....	0.68
G.T. PacificFd.		$US15.27	+0.16	2.82

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3 01-283 3531
Gartmore Fund Mngt. (Far East) Ltd.
1503 Hutchison Hse., 10 Harcourt Rd., H.Kong

HK & Pac. U. Tst.	$HK2.39	2.56	.....	2.20
Japan Fd.	$US16.15	17.17	.....	0.60
N. American Tst.	$US11.78	11.97	.....	1.50
Intl. Bond Fund	$US10.80	10.46	.....	5.70

Gartmore Investment Mngt. Ltd.
P.O. Box 32, Douglas, IoM. 0624 23911

Gartmore Intl. Inc.	21.2	22.6	.....	10.90
Gartmore Intl. Grth	66.3	70.6	.....	3.00

Hambro Pacific Fund Mgmt. Ltd.

Schlesinger International Mngt. Ltd.
41, La Motte St., St. Helier, Jersey. 0534 73588

S.A.I.L.	81	86	−1	8.43
S.A.O.I.	0.86	0.91	−0.01	4.95
Gilt Fd.	23.0	23.2	.....	11.85
Intl. Fd. Jersey	109	116	+1	3.22
Intnl. Fd. Lxmbrg	$11.05	11.83	−0.07	—
*Far East Fund	98	103	.....	2.51

*Next sub. day August 2.

Schroder Life Group
Enterprise House, Portsmouth. 0705 27733
International Funds

£Equity	117.3	124.8	.....	—
$Equity	133.3	141.8	.....	—
£Fixed Interest	141.4	150.1	.....	—
$Fixed Interest	105.2	111.9	.....	—
£Managed	131.2	139.5	.....	—
$Managed	119.0	126.5	.....	—

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, E.C.2. 01-588 4000

Cheap $ July 25		$US11.78	.....	2.46
Trafalgar June 30		$US121.27	.....	—
Asian Fd. July 10	$US8.87	9.46	.....	2.83
Darling Fnd.	$A1.87	1.95	.....	5.20
Japan Fd. July 13	$US7.38	7.95	.....	0.50

Sentry Assurance International Ltd.
P.O. Box 326, Hamilton 5, Bermuda

Managed Fund	$US1.799	1.966	.....	—

Singer & Friedlander Ldn. Agents
20, Cannon St., EC4. 01-248 9646

Dekafonds	DM26.42	27.85	+0.30	6.09
Tokyo Tst. July 3		$US37.00	.....	1.65

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey. 0534-71460

Commodity Trust	91.10	95.90	.....	—

Surinvest (Jersey) Ltd. (x)
Queens Hse. Don. Rd. St. Helier, Jsy. 0534 27349

American Ind.Tst.	£7.95	8.11	−0.04	—
Copper Trust	£11.23	11.50	+0.17	—
Jap. Index Tst.	£12.06	12.32	−0.14	—

TSB Unit Trust Managers (C.I.) Ltd.
Bagatelle Rd., St. Saviour, Jersey. 0534 73494

Jersey Fund	47.5	50.0	.....	4.39
Guernsey Fund	47.5	50.0	.....	4.39

Prices on July 26. Next sub. day August 2.

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curaçao.
NAV per share July 24 $US92.65.

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curaçao.
NAV per share July 24 $US45.66.

37, Rue Notre-Dame, Luxembourg

	$US19.42	20.78	+0.17	—

International Pacific Inv. Mngt. Ltd.
PO Box R237, 56, Pitt St., Sydney, Aust.

Javelin Equity Tst.	$A2.09	2.19	.....	—

J.E.T. Managers (Jersey) Ltd.
PO Box 194, Royal Tst. Hse., Jersey 0534 27441

Jersey Extral. Tst.	174.0	185.0	.....	—

As at June 30. Next sub. day July 31.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.		$HK293.94	.....	2.50
Jardine J'pn.Fd.*		$HK362.70	.....	0.90
Jardine S.E.A.		$US17.22	.....	1.80
Jardine Flem.Int.		$HK10.55	.....	—
Intl.Pac.Secs.(Inc.)	$HK12.27	13.09	.....	—
Do.(Accum.)		$HK13.09	.....	—

NAV July 14. *Equivalent $US78.03. Next sub July 31.

U.S. Tst. Inv. Fnd.		$10.69	.....	0.76

Net asset July 24.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

Conv. Bd. July 26		$US9.66	+0.01	—
Engy. Int. July 26		$US18.20	+0.02	—
Gr St.$Fd. June 30		$US7.03	.....	—
MercEbdFdJuly26	$US10.12	10.29	+0.01	0.2901

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. June 29	$US12.35	12.67	.....	—
CMT Ltd. June 29	£12.77	13.10	.....	—
Metals Tst. July 20	£11.89	12.16	.....	—
TMT July 14	$US10.30	10.57	.....	—
TMT Ltd. July 14	£10.36	10.63	.....	—

World Wide Growth Management⊕
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd.		$US15.99	+0.09	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ⊕. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 487-492

INSURANCE BASE RATES

† Property Growth 10¼%
† Vanbrugh Guaranteed 9.2%
† Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1978 High	1978 Low	Stock	£	+ or −	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
[illegible]	[illegible]	Exch 5pc 76-78‡‡	99	+1/32	5.04	9.15
105¼	101	Treasury 11½pc 79‡‡	101	.....	11.36	9.39
97	94	Treasury 3pc 79‡‡	95	.....	3.14	7.09
[illegible]	95⅛	Electric 4½pc 74-79	96	.....	4.43	7.87
[illegible]	[illegible]	Treasury 10½pc 79‡‡	100	.....	10.45	10.03
[illegible]	[illegible]	Electric 3½pc 76-79	95⅞	.....	3.65	6.84
103⅞	[illegible]	Treasury 9pc 1980‡‡	98	+⅛	9.17	10.23
[illegible]	[illegible]	Treasury 9½pc '80‡‡	98	+⅛	9.63	10.28
[illegible]	[illegible]	Treasury 3½pc 77-80	94	.....	3.72	6.95
[illegible]	[illegible]	Funding 5¼pc 78-80‡‡	94¼	.....	5.57	8.61
110¼	103	Exchequer 13pc 1980‡‡	103	+¼	12.51	10.97
[illegible]	99	Treasury 11½pc 1981‡‡	100	+⅛	11.39	11.02
[illegible]	88¼	Treasury 3½pc 1979-81	90½xd	.....	3.88	7.84
101	95	Treasury 9¾pc 1981‡‡	96	.....	10.06	11.10
[illegible]	[illegible]	Exch 8¼pc 1981	93	.....	8.80	10.82
[illegible]	[illegible]	Exch 9½pc 1981	96	.....	9.90	11.10
[illegible]	[illegible]	Exch 3pc 1981	86¼xd	.....	3.48	8.16
[illegible]	[illegible]	Treas. Variable '81‡‡	95	+¼	10.17	10.62
111	102	Exch 12¾pc 1981‡‡	104	+¼	12.22	11.12
[illegible]	[illegible]	Treas 8½pc '80-82‡‡	93	.....	9.08	10.73
84	[illegible]	Treasury 3pc '82‡‡	84¾xd	+⅛	3.54	8.02
[illegible]	106¼	Treasury 14pc '82‡‡	107¼	.....	12.99	11.31
[illegible]	[illegible]	Treas. Variable '82‡‡	94	+¼	10.28	11.44
[illegible]	[illegible]	Treasury 8¼pc '82	91½	.....	9.02	10.96
100¼	91	Exch 9¼pc 1982	93	.....	9.94	11.36
[illegible]	91	Exch 9¼pc 1982 A	93	.....	9.94	11.38
[illegible]	[illegible]	Exch 8¾pc 1983	91	+¼	9.54	11.16
85	79	Exch 3pc '83	80⅝xd	+⅛	3.72	8.17
[illegible]	100	Treasury 12pc 1983‡‡	102⅝	.....	11.69	11.24
100	[illegible]	Treasury 9½pc '83	92½	.....	10.00	11.26
Five to Fifteen Years						
45	43	Exch 10pc '83 £15pd	45	.....	10.57	11.36
[illegible]	[illegible]	Funding 5½pc '82-84‡‡	82¾	−⅛	6.66	9.68
[illegible]	[illegible]	Treasury 8½pc '84-86‡‡	88½	−⅛	9.65	10.76
[illegible]	77¼	Funding 6½pc 85-87‡‡	80	−⅛	8.29	10.29
[illegible]	[illegible]	Treasury 7¾pc '85-88‡‡	81⅜	−⅛	9.53	10.95
68	[illegible]	Transport 3pc '78-88	64	−⅛	4.70	8.47
[illegible]	[illegible]	Treasury 5pc '86-89	67¼	−⅛	7.54	10.07

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Undated

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1978 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCE

1978 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial Vehicles

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Components

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Garages and Distributors

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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PROPERTY

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PROPERTY—Continued

1978 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SHIPPING

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SHOES AND LEATHER

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOUTH AFRICANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TEXTILES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOBACCOS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INV. TRUSTS—Continued

1978 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Finance, Land, etc.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCE, LAND—Continued

1978 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OILS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVERSEAS TRADERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RUBBERS AND SISALS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TEAS

India and Bangladesh

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sri Lanka

210	123	Lunuva £1	200	−5	15.58	1.5	4.2

Africa

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MINES

CENTRAL RAND

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EASTERN RAND

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FAR WEST RAND

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

O.F.S.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCE

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DIAMOND AND PLATINUM

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh 50c	168	.....	Q50c	1.3	25.8
24	15	Rhod n Corp 16⅝p	16	−½	0.57	7.1	5.3
80	52	Roan Cons. K4	67	+2	—	—	—
175	122	Tanganyika 50p	163	.....	Q20.0	2.2	8.1
90	78	Do. Pref. 80p	87	.....	[illegible]	16.3	8.3
41	32	Wankie Col. Rh 1	36	.....	[illegible]	[illegible]	[illegible]
16½	10	Zam Cpr SBD 0.24	13½	.....	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	14	—	—	—	—
132	64	Bougainville 50 Toea	122	+4	Q8c	1.4	4.1
125	63	BH South 50c	111	+4	—	—	—
820	150	Central Pacific	600	+50	—	—	—
258	148	Conzinc Riotinto 50c	256	−2	Q10c	2.2	2.4
72	45	G.M. Kalgoorlie $1	56	—	—	—	—
48	18	Hampton Gold N.L.	48	+2	—	—	—
140	81	Hampton Areas 5p	133	—	13.55	2.0	4.0
40	10	Metals Ex. 50c	29½	—	—	—	—
220	125	M.I.M. Hldgs 50c	200	+2	Q9c	1.7	2.8
39	10	Mount Lyell 25c	29	—	—	—	—
6½	1½	Newmetal 10c	4¼	—	—	—	—
143	79	North B. Hill 50c	121	+1	Q8c	1.5	4.1
16	8½	Nth. Kalgurli	13½	—	—	—	—
39	12	Nth. West Mining	39	+3	—	—	—
178	117	Oakbridge $A1	167	—	†Q12c	1.9	4.1
50	30	Pacific Copper	50	—	—	—	—
£14⅛	750	Pancont'l 25c	£13½	—	—	—	—
40	12	Paringa M&Ex 5p	31	+2½	—	—	—
545	310	Peko-Wallsend 50c	525	−5	Q15c	4.0	1.3
300	50	Southern Pacific	240	+15	—	—	—
160	84	Westn. Mining 50c	139	+3	‡Q6c	1.4	‡
70	35	Whim Creek 20c	50	.....	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	24	.....	2.55	1.6	15.9
400	240	Ayer Hitam $M1	360	.....	[illegible]	0.9	‡
60	45	Beralt Tin	52	.....	3.81	4.4	11.5
300	200	Berjuntai $M1	280	.....	Q110c	♦	8.4
145	111	Geevor	135	.....	5.07	♦	5.7
10	8½	Gold & Base 12½p	9½	.....	—	—	—
300	220	Gopeng Cons.	290	.....	15.23	0.9	7.9
165	130	Hongkong	160	.....	—	—	—
93	78	Idris 10p	85xd	.....	‡12.0	1.6	‡
11	9	Jantar 12½p	9	.....	—	—	—
77	68	Kamunting $M0.50	73	.....	[illegible]	0.7	[illegible]
510	450	Killinghall	470	.....	Q125	♦	26.7
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPPER

100	70	Messina R0.50	86	+1	tQ30c	1.9	‡

MISCELLANEOUS

61	35	Barymin	52	.....	—	—	—
17	9	Burma Mines 17½p	14	—	—	—	—
300	215	Cons. Murch. 10c	225	+10	‡Q30c	2.6	‡
465	245	Northgate C$1	385	+10	—	—	—
234	164	R.T.Z.	221	.....	9.64	2.8	6.5
90	30	Sabina Inds. C$1	53	−2	—	—	—
£12	750	Tara Exptn. $1	850	.....	—	—	—
45	43	Tehidy Minerals 10p	45	.....	1.35	♦	4.5
180	120	Yukon Cons. C$1	175	+2	Q7c	2.9	1.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- △ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♦ Excluding a final dividend declaration.
- ♦ Regional price.
- Ⅱ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

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Stock	Price	+ or −
Albany Inv. 20p	24	.....
Ash Spinning	44	+2
Bertam	21	.....
Bdg'wtr. Est. 50p	290	.....
Clover Croft	26	.....
Craig & Rose £1	480	.....
Dyson (R. A.) A	38	.....
Ellis & McHdy	61	.....
Evered	16½	.....
Fife Forge	50	.....
Finlay Pkg. 5p	23½	+1½
Graig Ship. £1	120	.....
Higsons Brew	77	+2
I.O.M. Stm £1	155	+1
Holt (Jos.) 25p	263	.....
Nthn. Goldsmith	56	.....
Pearce (C. H.)	182	.....
Peel Mills	20	.....
Sheffield Brick	45	.....
Sheff. Refrshmt.	58xd	.....
Sindall (Wm.)	105	.....

IRISH

Stock	Price	+ or −
Conv 9% '80/82	£92½	.....
Alliance Gas	66	.....
Arnott	350	.....
Carroll (P.J.)	103	.....
Clondalkin	105	+5
Concrete Prods	140	.....
Heiton (Hldgs.)	46	.....
Ins. Corp.	160	.....
Irish Ropes	130	.....
Jacob	67	.....
Sunbeam	31	+1½
T.M.G.	190	+5
Unidare	95	.....

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17		
Boots Drug	15	Legal & Gen.	14	**Property**	
Bowaters	16	Lex Service	7	Brit. Land	3¼
B.A.T.	24	Lloyds Bank	22	Cap. Counties	4½
British Oxygen	6	"Lofs"	4	E.P.	5
Brown (J.)	20	London Brick	5	Intreuropean	4
Burton 'A'	12	Lonrho	5	Land Secs.	16
Cadburys	5	Lucas Inds.	25	MEPC	12
Courtaulds	10	Lyons (J.)	10	Peachey	8
Debenhams	8	"Mams"	7	Samuel Props.	9
Distillers	15	Mrks. & Spncr	10	Town & City	1¼
Dunlop	7	Midland Bank	25		
Eagle Star	11	N.E.I.	12	**Oils**	
E.M.I.	24	Nat. West. Bank	22	Brit. Petroleum	45
Gen. Accident	17	Do. Warrants	10	Burmah Oil	5
Gen. Electric	18	P & O Dfd.	8	Charterhall	3
Glaxo	40	Plessey	8	Shell	28
Grand Met.	9	R.H.M.	5	Ultramar	20
G.U.S. 'A'	20	Rank Org. 'A'	18		
Guardian	18	Reed Intnl.	12	**Mines**	
G.K.N.	22	Spillers	3	Charter Cons.	12
Hawker Sidd.	20	Tesco	4	Cons. Gold	14
House of Fraser	12	Thorn	22	Rio T. Zinc	16
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Friday July 28 1978

Dividend curbs 'vital to reduced inflation'

BY PHILIP RAWSTORNE

THE GOVERNMENT could not allow any "provocative increase" in dividends while it was seeking further pay restraint, Mr. Joel Barnett, Chief Secretary to the Treasury, told the Commons yesterday.

Some companies had been ready to increase dividends by 300 per cent. Half of all dividend payments still went directly to individual shareholders.

Opening the debate on the Government's Dividend Control Bill, Mr. Barnett said: "There is a danger of slipping back into the vicious circle of higher earnings and higher prices."

In the attempt to reduce inflation, dividend controls remained an essential part of Government policy.

Backed by Scottish Nationalists, the Government aimed to push the one-clause Bill through the Commons early this morning.

The Lords were due to complete the Bill's Parliamentary passage today. It would then come into force on August 1, extending dividend control for another year.

Mr. Barnett said that the Bill would allow persistently successful companies with a growth of over 10 per cent to increase dividends in line with profits.

But many companies would be disappointed and the measure would cause a marginal increase in the cost of raising capital.

Industry had raised £3.165bn between 1975 and 1977, despite similar controls.

Mr. Peter Tapsell, for the Conservative claimed that the Government's proposal for continued control would penalise the more efficient companies.

The excuse for the Government's action was fundamentally political.

"It has become the political convention in this country to bracket together wages and dividends, as though like were being compared with like. I believe this argument is outdated."

Seventeen out of 20 families had some part of their savings invested indirectly in company securities and the effects of the controls would be widespread.

"Why is it essential for the national interest to tell the workers that, in order to persuade them not to ask for more than a 5 per cent increase in wages, they are to be offered an inducement of a reduced pension when they retire?"

Mr. Tapsell claimed that divided control was one of the main reasons for lack of investment in British industry. It contributed to lack of competitiveness, low wages and unemployment.

"The inadequate profits of British industry and the inadequate distribution of those profits back into the capital market by payment of realistic dividends has made a significant contribution to the improverishment of Britain."

Transport union to back Labour, Page 8
Parliament, Page 9

Tighter corset 'could put pressure on Barclays'

BY MICHAEL BLANDEN

BARCLAYS BANK could come under pressure as a result of the recent re-introduction of the official corset controls over the banks, Mr. Douglas Horner, the senior general manager, indicated yesterday.

He suggested that the restraints in their present form could prevent the banks from sustaining their lending to priority borrowers in the manufacturing industry. The terms of the corset controls were much tighter htan when they were previously in force in 1976-77.

The Bank of England took action to relieve the immediate liquidity shortage in the money markets with the release of special deposits of £440m announced yesterday. But the corset would bring pressure on Barclays in spite of the action it could take to hold back lending to the personal and other low priority sectors and to sell other assets such as gilt-edged stocks.

Barclays might have to suffer the penalties for exceeding the growth ceiling laid down under the corset controls rather than restrict its lending to industry, he suggested.

Under the corset, the banks will have to pay non-interest bearing supplementary special deposits to the Bank next November if the growth of interest-bearing deposits exceeds the limit.

Barclays saw little sign of an increase in the usage made by industrial customers of their overdraft facilities. But there was considerable scope for a rise with the present take-up running at less than 50 per cent of the agreed limits.

A case could also be made for a rise in overdraft rates to reflect the recent upward pressure on market rates. But it appeared likely that this would not be welcome to the authorities.

The bank was announcing its results for the first half of the current year, which were rather better than the market had been expecting after the figures published by Lloyds and National Westminster.

The pre-tax profits of Barclays for the half-year totalled £154.2m. This was a rise of 13 per cent compared with the second half of last year and of 17 per cent over the first half of 1977. The results were well-received, with Barclays shares gaining 12p to 342p. Midland, which reports today, rose 3p to 365p.

Mr. Anthony Tuke, chairman, explained that the gain had arisen mainly from the bank's business in this country. It had been helped by a continuing reduction in the provisions made against doubtful lending, and this was expected to continue during the second half of the year.

Barclays also disclosed yesterday that it was about to make a submission to the Price Commission with a view to increasing its charges for personal current accounts from the beginning of next year. This follows the moves already made by Lloyds and NatWest to raise charges during the current half year.

Discussing moves towards greater flexibility in banking hours, Barclays said it hoped eventually to have flexible openings in the morning or evening at about 20 branches.

Results, Page 20

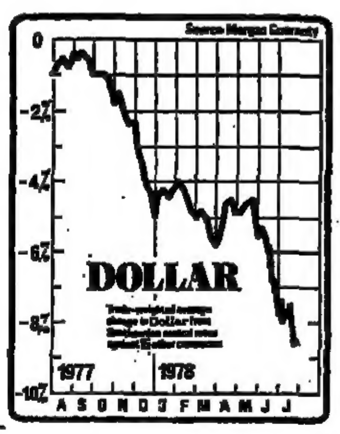
Dollar falls against the yen

BY MICHAEL BLANDEN

THE DOLLAR came under further pressure against the Japanese yen in exchange markets yesterday, but recovered against other leading currencies.

The yen gained ground generally after touching a new post-war high against the dollar in Tokyo trading of Y192.10. In London markets, the dollar remained slightly above its lowest levels, closing at Y193.60 against Y194.10 on the previous day.

The improvement in the U.S. trade balance, however, was enough to lift the dollar slightly against the West German and Swiss currencies. This was reflected in the movements of sterling which in quiet but uneasy trading lost 45 points to $1.9075. The pound's weighted index slipped to 62.2 from 62.3.



Meanwhile, in London the Bank of England took further steps to relieve the upward pressure on short-term interest rates which has resulted from the intensifying shortage of liquidity in the money markets.

The Bank announced it was releasing another £440m of special deposits to the banking system, to be paid on September 26.

It was stressed that the move was not a relaxation of the controls imposed under the corset restraint; but designed as a temporary measure to relieve the strain on the banking system. This has arisen from the flow of revenue to the Government coupled with the drain of funds into gilt-edged stocks.

It followed the decision earlier this month to postpone the recall of another £440m of special deposits. The new move cuts the rate of special deposits from 2 per cent to 1 per cent of the banks' main deposit funds. The figure will be restored to 2 per cent on September 11 and tq 3 per cent on September 26.

Yen hits new high, Page 6

Investment banks agree deal

BY MARY CAMPBELL

FIRST BOSTON, the U.S. investment bank, will take a 31 per cent stake in Cie Financière du Crédit Suisse et de White Weld, the parent company of the London investment bank Crédit Suisse White Weld (CSWW), while the CSWW holding company will take a 25 per cent stake in First Boston.

Arrangements have now been signed and it is understood that each stake is being acquired at book value and will cost about $30m.

The agreement includes a provision for each to acquire more shares in the other provided the stakes do not become unequal in size. Under this provision CSWW is expected to raise its stake in First Boston to 31 per cent.

CSWW's name will be changed to Credit Suisse First Boston (CSFB) with the parent company's name changed accordingly. No comment was available last night on possible plans to change the names of other companies operating under the CSWW name.

The international operations of First Boston, including First Boston Europe, will be absorbed by Credit Suisse First Boston. Although the $30m injection of capital into First Boston will be entirely spent on buying the stake in CSWW, the funds accruing from the liquidation of its current international operations will be available for use in First Boston's domestic U.S. business.

In order to give CSWW its 25 per cent stake, First Boston's issued share capital is being expanded to the limits of the authorisation. Shareholder approval would be required to issue more shares. The option of CSWW buying First Boston shares in the open market or from large minority shareholders has been rejected.

Weather

UK TODAY

SUNNY, some rain.

London, S.E. England, E. Anglia
Becoming cloudy. Max. 22C (72F).

Cent. S., Cent. N., East and N.E. England, E. and W. Midlands, Channel Islands
Mostly cloudy. Max. 21C (70F).

S.W. and N.W. England, S. and N. Wales, Lake District, Isle of Man
Rain in places. Max. 19C (66F).

Borders, Edinburgh, Dundee, S.W. and N.W. Scotland, Glasgow, Central Highlands, Argyll, N. Ireland
Sunny intervals, showers. Max. 18C (64F).

Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland
Rain. Becoming brighter. Max. 17C (63F).

Outlook: Unsettled.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstdm.	C	20	68	Madrid	S	33	91
Athens	S	30	86	Manchestr.	C	21	70
Barcelona	S	27	81	Melbourne	S	11	52
Beirut	S	28	82	Mexico C.	S	21	70
Belfast	R	16	61	Milan	F	26	79
Belgrade	S	28	82	Montreal	C	23	73
Berlin	C	24	75	Moscow	C	20	68
Brmghm.	F	23	73	Munich	C	20	68
Bristol	C	19	66	Newcastle	F	22	72
Brussels	S	21	70	New York	C	26	79
Budapest	F	25	77	Oslo	R	15	59
B. Aires	S	14	56	Paris	C	23	73
Cairo	S	34	93	Prague	F	26	79
Cardiff	C	17	63	Reykjavik	C	13	55
Cologne	F	23	73	Rio de J'o	S	29	84
Copnhagn.	S	27	81	Rome	F	28	82
Dublin	C	19	66	Singapore	S	30	86
Edinburgh	R	16	61	Stockholm	S	22	72
Frankfurt	C	23	73	Strasbrg.	F	24	75
Geneva	F	23	73	Sydney	C	14	57
Glasgow	C	16	61	Tehran	S	25	78
Helsinki	S	22	72	Tel Aviv	S	28	82
H. Kong	C	25	78	Tokyo	S	32	90
Jo'burg	S	20	68	Toronto	C	23	73
Lisbon	S	26	79	Vienna	F	27	81
London	S	21	70	Warsaw	S	26	79
Luxemb'g	F	21	70	Zurich	F	23	73

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	27	81	Isle of Man	C	15	59
Algiers	S	30	86	Istanbul	F	26	79
Biarritz	S	26	79	Jersey	S	20	68
Blackpool	F	23	73	Las Plms.	F	25	77
Bordeaux	S	26	79	Locarno	F	25	77
Boulogne	S	18	64	Majorca	S	34	93
Casablnca.	S	24	75	Malaga	S	27	81
Cape Town	R	18	64	Malta	F	28	82
Corfu	S	30	86	Nice	S	25	77
Dubrovnik	S	28	82	Oporto	F	22	72
Faro	S	30	86	Rhodes	S	27	81
Florence	C	25	77				
Funchal	C	24	75	Tangier	S	25	77
Gibraltar	S	30	86	Tenerife	F	20	68
Guernsey	S	17	63	Tunis	F	32	90
Innsbruck	C	21	70	Valencia	S	28	82
Inverness	C	17	63	Venice	F	27	81

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Government may be near go-ahead on new air engine

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOVERNMENT is now believed to be close to approving *the full-scale development of the* new 535 version of the Rolls-Royce RB-211 engine, which is intended for use in the forthcoming generation of short-to-medium range airliners, and particularly the proposed Boeing 757 twin-engined aircraft.

The decision has been awaited for many months. There has been some pressure on the Government from Rolls-Royce for a clear indication of its intentions so that the engine company can go ahead iwth plans to win the launch enginer role for the power-plant in the 757 aircraft.

Approval for the RB-211-535 engine, however, will not necessarily be accompanied by a Government decision on which airframe programme to adopt for the future—whether to pick up the outstanding offer from Boeing for work-sharing on the 757 airframe, or to rejoin the European Airbus Industrie group to help develop the B-10 version of the Airbus.

While many in the aerospace industry would also like to see the airframe choice made soon, the Government is believed to feel that there is less urgency than has been suggested, despite pressures from Airbus Industrie itself, and the French and West German Governemnts for an early decision.

The future of Rolls-Royce has been a major factor in the long debate on what to do about the UK aerospace industry.

Rolls-Royce itself does not see a future in West Europe, eithtr in the B10 version of the Airbus, which uses the U.S. General Electric engine, or in the other proposed aircraft, the Joint European Transport, which uses the French-U.S. CFM-56 engine.

But both Boeing and *McDonnell Douglas* have made it clear that Rolls-Royce can have a big role in their future programmes, with the bigger version of the RB-211 in the Boeing 767 twin-engined jet and with the 535 version in both tht smaller 757 aircraft and the McDonnell Douglas Advanced Technology Medium Range airliner.

British Airways is believed to be leaning towards the Boeing 757 as its "preferred option" for a new 160-plus seater airliner for the mid-1980s onwards, using the 535 engine, and would probably welcome a go-ahead for that power-plant.

Over seven to 10 years, the full-scale development of the 535 would cost about £250m, but the bulk of this spending would not arise until peak production in the early 1980s. Initially, outlays would be comparatively small.

Firm Government approval for the engine would considerably strengthen Rolls-Royce's position, both with Boeing itself and with prospective 757 customers in world markets.

Swiss offer accepted for Britten-Norman

BY OUR AEROSPACE CORRESPONDENT

BRITTEN-NORMAN (Bembridge), which builds the Islander and Trislander light transport aircraft, is to be taken over by Pilatus Flugzeugwerke, the Swiss light aircraft maker of Stans near Lucerne, which is part of the Oerlikon-Buhrle group.

Sir Charles Hardie, receiver of Britten-Norman (formerly part of the Fairey group), has accepted a letter of offer from Pilatus for the takeover of all the assets of Britten-Norman (Bembridge), including facilities on the Isle of Wight and the complete Islander/Trislander production hardware (Jigs, tools and material stocks) at present at Fairey SA's factory at Gosselies, Belgium.

The purchase price is not disclosed, but it could be in the region of £10m.

The formal purchase contract now envisaged will enable Pilatus to acquire exclusive production and marketing right for all Britten-Norman products. Output of parts and aircraft in Romania and the Philippines under licence will continue under new agreements.

It is understood that Islander and Trislander production and assembly will continue to be based at Bembridge, in the Isle of Wight, and that employment there is assured, and may be increased.

Pilatus has authorised the receiver to introduce an immediate "action plan" to improve Britten-Norman sales and production support.

This includes a world-wide direct sales campaign for Islander and Trislander aircraft; a programme of product support for over 800 aircraft in 125 countries, introduction of an improved version of the Islander, the BN2-B Islander II; and feasibility studies for further developments, including a Turbo-Islander.

Pilatus is an old-established aircraft manufacturer, formed in 1939, which has a range of single-engined multi-purpose light transport aircraft, including the Porter and Turbo-Porter cabin monoplanes.

With the acquisition of Britten-Norman, Pilatus will be able to expand into the multi-engined light transport aircraft field.

The details of the deal are still being settled, but it is expected that a further statement will be made during the Farnborough air display, from September 3 to 10.

Strike call goes out to defence workers

BY PHILIP BASSETT, LABOUR STAFF

SHOP STEWARDS of 183,000 industrial civil servants, some of whom have been blacking work on three Polaris submarines, yesterday called a one-day strike of all Britain's civilian defence workers unless the Government improves its 10 per cent pay offer.

General secretaries of 11 trade unions involved in the dispute will meet Lord Peart, the Lord Privy Seal, today. The official union side yesterday called for increased industrial action over its claim.

The one-day strike has been set for next Wednesday. Mr. *Alex Falconer, spokesman* for the workers at Rosyth, where the submarines HMS Repulse and HMS Renown are stranded because of the blacking, said after a stewards' meeting in York that if the offer was not improved, the strike would go on.

A meeting of the Joint Co-ordinating Committee of the 11 unions in Croydon urged all industrial civil servants to consider the possibilities for industrial action.

Mr. Mick Martin, public services national secretary of the Transport and General Workers' Union, said: "Industrial civil servants should seek to devise methods which will provide the maximum amount of inconvenience and embarrassment to management."

He said after the meeting that very few establishments would not take industrial action, *although no specific form had* been suggested. Members would decide what action would best suit their places of work.

Mr. Moss Evans, general secretary of the TGWU, said the union was widening the dispute and there was strong feeling among union members and industrial civil servants in general over their low pay and the Government's offers.

Mr. Evans will be among the 11 general secretaries meeting Lord Peart at the House of Lords. They will try to persaude him to improve the offer.

The union side will seek discussions with the Government on the possibility of "further positive commitments" on the civilian workers' pay.

Loading of the Polaris submarine Revenge was going "according to plan," the Ministry of Defence said. It added, however, that unless the dispute was quickly solved, increasingly severe disruption would be caused to the Navy's ship refit programme.

News Analysis, Page 8

Continued from Page 1

Recovery

of GNP for industrialised countries to pick up from 3½ to 4 per cent in the two halves of this year, but slow to about 3½ per cent in the first half of 1979 as *the fiscal stimuli* in West Germany and Japan faded out, and demand i nthe U.S. was hit by higher interest rates and inflation.

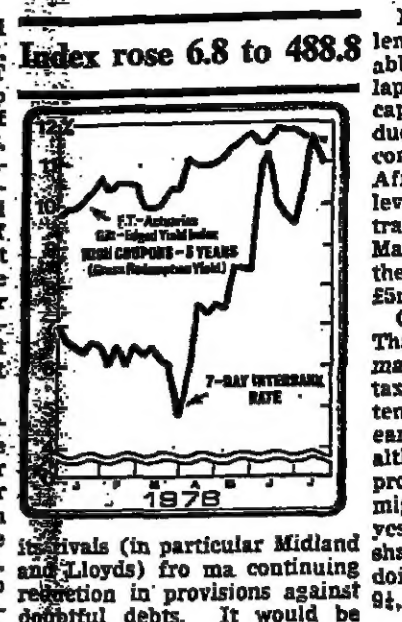
After the relatively flat overall unemployment of the last 12 months, there may be a rise of more than 500,000 from the present level of 17m in the year to mid-1979.

Teh report forecast that the consumer price inflation rate may stay at 7 per cent this year and earlier in 1979, reflecting net effects of a deterioration in price performance of the U.S. and an improvement in almost all other industrialised countries.

THE LEX COLUMN

Equities press up to the peaks

Index rose 6.8 to 488.8



A fall in equity prices looked a good bet yesterday morning, and the first reading of the FT 30-Share Index showed a drop of 2.7 points. But the weight of bullish opinion was such that, despite the anticipation of another round of statutory dividend controls, the Index picked up by 9.5 points over the rest of the day. It now stands right at the very top of the trading range in which it has been stuck for most of this year, while the All-Share Index is just 2 per cent below the all time peak point touched over six years ago.

Meanwhile the gilt edged market received a fillip from the decision to release another tranche of special deposits. Ever since the authorities brought in the corset and sold a massive amount of gilt edged last month, they have been battling to keep the shortages in the money markets under control and prevent an embarrasing rise in interest rates. But with short-term interest rates well above 10 per cent, the clearing banks may be tempted to put up their base rates unless it can be seen that the shortages are just a temporary phenomenon. As it is, it is not clear why the shortages are continuing for so long. The authorities hope that by delaying repayments of special deposits until mid-September they will overcome the problem. But they may have to soft-pedal gilt sales for the time being.

Barclays

The sooner the clearing banks come clean on movements in their bad debt provisions the better. Yesterday, Barclays reported a £22.7m rise in interim pre-tax profits to £154.2m which looks a remarkably good performance when set against the recent experience of the other clearers.

However, while NatWest was at pains, earlier on in the week, to insist that all of its £15m reduction in provision against advances was "earned during the half-year," Barclays at least admits that it is now benefiting from an element of deferred profit. Back in 1976, when it was pursuing a more conservative line on its interest suspense account than some of the other banks, its profits noticeably underperformed market expectations. For the last two half years the reverse has been the case and although Barclays will not quantify it, it is clearly being helped more than most of its rivals (in particular Midland and Lloyds) fro ma continuing reduction in provisions against doubtful debts. It would be helpful to know the impact.

Admittedly, Barclays' profits are boosted by an extra £5.5m from Barclays Bank International and £9.5m from Mercantile Credit. However, the domestic clearing bank operation is also ahead even though the average base rate fell by close to a third and margins were over half a point lower during the period. Clearly, domestic profits would have been lower were it not for the recoveries of the past.

It looks as if these will continue over the next 18 months at least, and helped by higher average base rates in the second half Barclays should be able comfortably to top £300m this year against £267.6m last time.

Inchcape

Inchcape's results are well below both the market's and its own recent expectations. After a 31 per cent decline in the second half, profits for the year are down from £73.4m to £62.3m pre-tax, and the first half of this year is going to produce a further downturn.

One unpleasant surprise has arisen in Holland, where trading in soft commodities has brought losses of roughly £5m. The Middle East, too, has been a disappointment. Profits are down from £18.2m to £15.9m, and seem likely to decline further this year following the renegotiation of Inchcape's management contract for the port of Dubai for a further 10 years on reduced terms. The Jeddah contract comes up for renegotiation next year.

Elsewhere, the group's problems have been more predictable. Trading profits have collapsed in Nigeria, where Inchcape's interests have been reduced to associate status. The combined effect has been to cut African profits at the trading level by £9.6m to £3.5m. And translating overseas profits at March's exchange rates has hit the latest figures by a further £5m compared with 1976-77.

On the positive side, the UK, Thailand and Australia have *made good progress*, and lower tax and minority payments soften the impact of the fall on earnings per share. But although there are hopes that profits for 1978-79 as a whole might show modest progress, yesterday's 15p fall in the shares to 383p was not overdoing things. The p/e is around 9½, and the yield is 6 per cent.

Redland

Redland's pre-tax profits are 15 per cent ahead at £39.3m, and with the miportant German subsidiary and Australian associate results already known, interest centres on the group's UK performance. Here the messag is of a steady improvement in volume across the board at a rate of perhaps 5 per cent. In profits terms this translates into a 9.3 per cent increase in the home contribution, which stands at £13.84m, on a turnover figure 11 per cent higher. Redland says the UK picture wuold have looked a lot better had it not been forced to make a £1.8m provsion following problems on a Middle East pipe design contract.

Recapping on the rest of the group: the contribution from *overseas subsidiaries* (largely the German concrete tile business) is 16 per cent up at £16.2m, while the profits from associates (mainly Concrete Products (Monier) of Australia) are a quarter ahead at £9.3m. And overall the quality of the profits has improved; on the Hyde basis pre-tax profits are 24 per cent better.

Redland is optimistic about the outlook for the current year, with the UK continuing to improve and good reportsf rom Germany. At this stage it seems that profits for 1978-79 could be anythnig between £45m and £48m. On a price of 152p this would put the shares on a prospective fully taxed *p/e of around 7½*.

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